Committee Meeting

of

STATE LEASING AND SPACE UTILIZATION COMMITTEE

LOCATION: Committee Room 12
           State House Annex
           Trenton, New Jersey

DATE: October 18, 2007
      11:30 p.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Joseph Cryan, Chair
Senator Stephen M. Sweeney
Debra Bell

ALSO PRESENT:

John A. MacCalus
  Office of Legislative Services
  Committee Aide

Keith White
  Assembly Majority
  Committee Aide

Robert Shaughnessy
  Counsel

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

| Testimony submitted by      | Gary Sondermeyer | 1x   |
|                            |                  |      |
| PowerPoint presentation     | Jay Jimenez and  | 6x   |
| submitted by                | John Fasanella   |      |
|                            |                  |      |
| rs:                         | 1-53             |      |
ASSEMBLYMAN JOSEPH CRYAN (Chair): Hi everybody.
I hope everybody is doing well.
Look at the enthusiasm for all the leases today. (laughter)
Exciting.
Why don’t we have a roll call?
MR. MacCALUS (Committee Aide): Okay. The State Leasing
and Space Utilization Committee meeting of October 18 is called to order.
Chairman Joseph Cryan.
ASSEMBLYMAN CRYAN: Here.
MR. MacCALUS: Senator Stephen Sweeney.
SENATOR SWEENEY: Here.
MR. MacCALUS: And Assistant Treasurer Debra Bell.
ASSISTANT TREASURER BELL: Here.
MR. MacCALUS: Okay. The notice of this meeting was
provided to the Secretary of State, the Courier Post, Star-Ledger, Trenton
Times, and the State House Press on October 10, in accordance with the
Open Public Meetings Act.
We may proceed.
ASSEMBLYMAN CRYAN: Thank you.
And, Steve, I guess--
First off, do we--
Oh, wait, we’re going to do the minutes first, right?
MR. MacCALUS: Yes.
Do I hear a motion on the--
SENATOR SWEENEY: Motion.
MR. MacCALUS:  Motion to approve the minutes of the August 8 meeting.

ASSEMBLYMAN CRYAN:  Second.
MR. MacCALUS:  Okay.
Assistant Treasurer Bell.
ASSISTANT TREASURER BELL:  Yes.
MR. MacCALUS:  Okay.  It’s been approved.
ASSEMBLYMAN CRYAN:  Okay.  Does anybody have any comments before we begin?

Deb, Steve, anything?
SENATOR SWEENEY:  No.
ASSEMBLYMAN CRYAN:  Good to go.

Okay.

All right, Steve, you’re up.

STEVEN M. SUTKIN:  Thank you.

We have 10 items on the agenda -- notice of proposed leases -- though some are combined.  And you will see that as we go through them.  And thereafter, there will be a presentation from three different departments -- Environmental Protection, Health, and Labor -- regarding their space plan usage and the use of the LBAM system, which you’re familiar with.

The first item -- as we’ve already discussed beforehand, preliminarily -- is going to be held, which is the AT&T tower, for reasons we’ve discussed with the Office of Legislative Services and the Office of the Attorney General.
The first item that’s up for consideration, therefore, is Item No. 2, which appears behind No. 2 in your binder. And it’s an extension of the Division of Housing Services lease in Newton for two years, pending advertisement for a long-term facility. The terms of the lease are essentially consistent with the lease terms that existed prior to this extension, with a minimal reduction in square footage (indiscernible).

ASSEMBLYMAN CRYAN: Questions?

SENATOR SWEENEY: Again, back to long-term plan: Are we any closer to a long-term plan?

MR. SUTKIN: This is going to be space that’s going to be advertised. We’re reaching out. There’s a Department of Military and Veterans Affairs facility in Newton. And in conjunction with our actions -- and by way of comparison -- we’re going to be looking at possibly placing this need within any of those facilities if it’s appropriate and if it fits.

ASSEMBLYMAN CRYAN: And it takes two years?

SENATOR SWEENEY: You know, just on another-- On a positive note, I was talking to the local government. And they said they got communications about leasing space -- you know what I mean -- in municipal buildings or government space. I guess you guys put a communication out.

MR. SUTKIN: That’s been brought up before. We didn’t pursue it on this lease.

SENATOR SWEENEY: No, no, I don’t mean it for this lease. I’m just saying the fact you’re doing that, I think, is very good, Steve.

MR. SUTKIN: Oh, thanks.

I will tell you, though, that it’s a mixed bag -- the reactions.
SENATOR SWEENEY: Well, there needs to be a little more clarity on it. Because the people don’t know square footage requirements for functions. We’ve got to basically tell them. Because I’ve been dealing with some local officials, and they’re going, “Well, how much space? We’ll rent space, but how much is enough, and what’s good?”

But that’s-- I just wanted to touch base on that while I was thinking about it. I apologize.

MR. SUTKIN: Okay. Thank you.

SENATOR SWEENEY: Not on this. Thank you.

ASSEMBLYMAN CRYAN: That would be the rare Sweeney compliment that you just got. (laughter)

SENATOR SWEENEY: It’s a new one.

MR. SUTKIN: I got caught off guard. (laughter)

ASSEMBLYMAN CRYAN: Does anybody have any other questions? (no response)

MR. MacCALUS: Motion?

ASSISTANT TREASURER BELL: Moved.

SENATOR SWEENEY: Second.

MR. MacCALUS: Chairman Sweeney (sic) -- excuse me, Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Assistant Treasurer Bell.

ASSISTANT TREASURER BELL: Yes.

MR. MacCALUS: And Chairman Cryan.

ASSEMBLYMAN CRYAN: Yes.
MR. MacCALUS: Okay. Lease No. 4169 has been approved.

MR. SUTKIN: The next item on the agenda is No. 3. It’s for the same agency, the Department of Community Affairs, Division of Housing Services. And the one thing I didn’t mention is -- which is relevant -- is, these are direct-pay agencies. It’s Federal reimbursement for these two leases -- second and third. This is a lease that is for the Division of Housing to provide their services. And it’s in Philipsburg, at 75 South Main Street. It’s a two-year lease, pending the advertisement.

The existing space -- we were in a month-to-month. It was a very, very favorable rate. However, the level of landlord services on the space deteriorated to such an extent that we’ve identified a more suitable location in Philipsburg, pending advertisement for the long-term space need in that area.

ASSEMBLYMAN CRYAN: And other than the two-year lease situation, which is going to be an ongoing thing-- In terms of a favorable spot to go after two years, and a long-term plan, which comes up, I think, three or four times today, overall, if I remember right-- I forget--

I don’t have any other questions.

Do you? (no response)

Anybody? (no response)

SENATOR SWEENEY: Motion.

ASSEMBLYMAN CRYAN: Second.

MR. MacCALUS: To approve Tab No. 3, Department of Community Affairs, NPL No. 4613, Chairman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.
SENATOR SWEENEY: Yes.

MR. MacCALUS: And Assistant Treasurer Bell.

ASSISTANT TREASURER BELL: Yes.

MR. MacCALUS: It's been approved.

MR. SUTKIN: The next two items, No. 4 and No. 5, relate to the Department of Health and Senior Services, Division of Epidemiology. They're located at 3635 Quakerbridge Road, in Hamilton.

These leases-- I will amend what’s been presented verbally and tell you that your package shows you that these are five-year leases, with a four-year out. We’ve renegotiated even more, and they’re three-year -- they’re really three-year leases. We can get out after three years. That is, after two years, at any time, with 12 months notice, we can vacate the facility.

This is also-- By way of background to these two lease proposals: Around the time that these leases will expire, the entirety of the Quakerbridge Plaza facility -- which you may or may not be familiar with -- in Hamilton--

It’s how many hundred thousand square feet, Chuck?

CHARLES J. CONNERY: Close to four-- It’s over 400,000.

MR. SUTKIN: Close to 400,000 square feet, in which the Department of Health has a significant lease hold, is going to also be expiring around the-- We’re also considering the state of the Department of Health Building, which is, frankly, one of the poorest-in-shape buildings in our portfolio. And at the same time -- shortly before that, the new health lab is going to be constructed. I believe it’s going to be completed in
February of ’09, out on the grounds of the New Jersey State Police complex in West Trenton.

So we’ve had several meetings. And we’re beginning the long-term plan on what to do, where to place, and what the most economic way to address the situation; plus discussing with the city of Trenton any redevelopment ideas that would coincide with the new facility, to accommodate the Department of Health’s needs when all of these things come together.

But what these two leases will do -- will give us the flexibility for these agencies to remain in that space. I think it has, combined, about 65,000 square feet worth of space.

MR. CONNERY: Fifty-six--
MR. SUTKIN: Fifty-six.
MR. CONNERY: -- or 54.
MR. SUTKIN: Fifty-four.
And in the interim, we’re meeting and we’re discussing what any long-term plans are regarding building, buying, leasing, etc.

ASSEMBLYMAN CRYAN: So everything is up in ’09?
MR. SUTKIN: No.
ASSEMBLYMAN CRYAN: Is that what you--
This thing goes to red, so-- (referring to PA microphone)
MR. SUTKIN: The new building is going to be construction--
The new building is going to be available, according the Building Authority’s schedule now, in February ’09.

ASSEMBLYMAN CRYAN: The lab?
MR. SUTKIN: The lab.
The Quakerbridge Plaza, I believe, expires in 11 or 12.

MR. CONNERY: I believe it’s 12.

MR. SUTKIN: In 11 or 12.

ASSEMBLYMAN CRYAN: So these leases—Oh, okay, now I get it. So these leases--

MR. SUTKIN: These leases will take us out as far as 12.

ASSEMBLYMAN CRYAN: Okay.

MR. SUTKIN: But we can get out earlier—as early as three.

And we’ve canvassed our entire portfolio within downtown and local areas. And there is no suitable facility with which to consolidate these two needs for epidemiology.

ASSEMBLYMAN CRYAN: Okay.

Anybody have any other questions?

ASSISTANT TREASURER BELL: It’s not really a question, but I did want to just jump onto what Steve’s talking about and also a question that the Senator raised.

There are regular meetings that DPMC is conducting, right now, on master planning, both in key geographic areas and across the portfolio. So the items that come before the Committee now have been vetted in the context of what are our long-term plans, where do we have opportunities to consolidate, how should we be making our lease terms coincide with each other for a longer term, ability to fill vacant space, and so forth. So very much along the lines of, I think, what the Committee’s been asking for, for some time— to assure that we have a broad plan in which all of these lease extensions are positioned.

ASSEMBLYMAN CRYAN: Okay.
Motion?

SENATOR SWEENEY: Motion.

ASSISTANT TREASURER BELL: Second.

MR. MacCALUS: Okay. To approve the Department of Health and Senior Services’ lease amendment 3735 and 3914, Chairman.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: And Assistant Treasurer Bell.

ASSISTANT TREASURER BELL: Yes.

MR. MacCALUS: It’s been approved.

MR. SUTKIN: The next two items are Department of Labor, Workers’ Compensation Court. I’ll speak to the one behind Tab No. 6 first. That’s NPL 4368. This is a five-year lease for the Workers’ Compensation Court in Morris County. The lease continues the Court at its current location in Mount Arlington. We advertised this requirement. We got no responses other than the current landlord. So we entered into a negotiation with the landlord at, I believe, a-dollar-a-square-foot higher than the already existing lease.

MR. CONNERY: Approximately.

MR. SUTKIN: Approximately: from $19.37 to $20.75.

ASSEMBLYMAN CRYAN: I’m trying to find it in the lease. I just have it written down. There’s special-condition work? Is that in--That’s in 4368, right? The tenant improvements -- who does that?

ASSISTANT TREASURER BELL: That’s in-- I think that’s in the next one.
ASSEMBLYMAN CRYAN: Am I off one?
ASSISTANT TREASURER BELL: You may be.
ASSEMBLYMAN CRYAN: No, we’re doing 4368, right?
ASSISTANT TREASURER BELL: Yes.
ASSEMBLYMAN CRYAN: Okay.
MR. CONNERY: There are tenant improvements included in this lease that the landlord is doing as a part of the renegotiation.
ASSEMBLYMAN CRYAN: That’s my question, special conditions. And the landlord does them?
MR. CONNERY: Yes, at his cost. That’s all included in the rent. I think we calculated it was about $140,000 in work.
ASSEMBLYMAN CRYAN: Okay.
That’s my question.
Anybody?
SENATOR SWEENEY: It’s good.
ASSEMBLYMAN CRYAN: Motion?
SENATOR SWEENEY: Motion.
ASSISTANT TREASURER BELL: Second.
SENATOR SWEENEY: This is nice.
MR. MacCALUS: To approve Department of Labor and Workforce Development, NPL No. 4614 (sic), Mr. Chairman.
ASSEMBLYMAN CRYAN: Wait a minute. No, no, no, we’re doing 4368 right now, right?
ASSISTANT TREASURER BELL: Yes.
MR. MacCALUS: Oh, I’m sorry, 4368, in Mount Arlington. Chairman.
ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: And Assistant Treasurer Bell.

ASSISTANT TREASURER BELL: Yes.

MR. MacCALUS: It’s been approved.

MR. SUTKIN: The next lease, No. 7, NPL 4614, is the Workers’ Compensation Court at the Monmouth Executive Center, in Monmouth County, in Freehold. This lease was an advertised requirement. And the lease that’s being presented was the most cost-effective lease.

I will, preliminarily again, note to you that though the fit-out costs are identified in the package at the time we presented it at 587,000, they’ve been further negotiated, and we’ll continue to negotiate. At this point, it’s at $365,000 -- the fit-out cost for this new 10-year lease. And we’re continuing to discuss these issues with the Department of Labor, that’s been very cooperative in these discussions, and with the landlord.

ASSEMBLYMAN CRYAN: Do you know what that drops the square-foot rate to, instead of that $30 -- affective?

MR. CONNERY: We didn’t calculate that, because we aren’t done with the negotiations. But I would say it’s got to be at least a couple dollars a-square-foot, even at this point.

ASSEMBLYMAN CRYAN: Because that leaps off the page.

MR. CONNERY: I think we had estimated the fit-out cost at about $7 or $7.50 a square foot. So, so far, we’ve knocked about a third off, I’d say.
ASSEMBLYMAN CRYAN: Assuming we pass this today, I’d ask you that you keep the Committee informed on the final on this negotiation.

MR. CONNERY: We’d be happy to do that.

ASSEMBLYMAN CRYAN: All right.

I have a couple other questions. Is the amount of parking on this adequate -- 29 spaces?

MR. CONNERY: The 29 is really 29 spaces that the landlord has agreed to specifically commit to us. In addition to that, there’s a voluminous parking lot, which has plenty of space. At least we’re very satisfied that it’s going to meet Labor’s needs. And I don’t think that was an objection of theirs when they reviewed the site.

ASSEMBLYMAN CRYAN: Really? I mean, these are courts, right? They’re all courts with people coming in and--

MR. CONNERY: But, I guess-- If I’m not clear, there’s not only 29 spaces. There’s an--

ASSEMBLYMAN CRYAN: Right, there’s a whole big lot. But I’m assuming-- Is there anybody using the whole big lot now? I mean--

MR. CONNERY: It’s shared with the rest of the building. But my understanding is, it’s not overused at this point. It’s not overtaxed. It should be more than adequate.

ASSEMBLYMAN CRYAN: Do you know why we got evicted? Because this is the one we got evicted, isn’t it?

MR. CONNERY: Yes. I don’t know all the details. I mean, Steve probably knows more, because he’s had discussions with the county. But in a nutshell, we had actually worked hard to try to extend the lease
with them. We had difficulty coming to an agreement on what the term of
the lease would be. We were under the understanding that we could stay
there at least a couple more years.

Ultimately, what I believe happened is that they need space to
accommodate their Superior Court judges and some other needs within the
county. So they’ve asked us to get out.

ASSEMBLYMAN CRYAN: So the Superior Court judges, who
are paid for through the State of New Jersey-- So the State of New Jersey,
essentially, has evicted the State of New Jersey.

MR. CONNERY: It sort of works that way.

MR. SUTKIN: It’s the county.

SENATOR SWEENEY: Well, the county.

ASSEMBLYMAN CRYAN: Yes.

MR. CONNERY: There were a lot of discussions between --
and I wasn’t privy to them, but I know Steve was -- to work this out.

ASSEMBLYMAN CRYAN: Based on this lease, what was our
cost before versus what it is now? I mean, this is the kind of stuff that
really rings a bell.

MR. CONNERY: The prior lease, I believe, was $16-a-square-
foot. Now, that was-- Yes, $16-a-square-foot. That account was all-
inclusive.

MR. SUTKIN: With the county.

MR. CONNERY: With the county, yes.

ASSEMBLYMAN CRYAN: Almost double. Almost, not quite.
I know you’ve got some other negotiating to do. But 80 percent more,
anyway -- which comes out to a cost of what, over 10 years or however long this lease is?

ASSISTANT TREASURER BELL: About $2.4 million.

ASSEMBLYMAN CRYAN: You wonder where our money goes. I mean, it just vanishes. There’s got to be a better way.

MR. SUTKIN: It’s their property, and they want us out.

SENATOR SWEENEY: Chairman, from the standpoint of being a freeholder (laughter), guess what, the State doesn’t pay, and they want everything for nothing. And when counties are responsible for Superior Court space, why would you expand your courthouse when you’re going to take it on the dime? I mean, that’s what it really comes down to. You know, the county doesn’t want to invest, because they’re not going to get reimbursed for the cost. Believe me, I’m dealing with a hundred-million-dollar courthouse that I think the courts -- the State should be paying, not the county -- right now.

ASSEMBLYMAN CRYAN: Okay. But this is like 7,000 or 8,000 square feet, isn’t it?

MR. CONNERY: Yes.

ASSEMBLYMAN CRYAN: It’s not--

MR. CONNERY: It’s 7,800 square feet.

ASSEMBLYMAN CRYAN: It’s not this big, huge colossus.

MR. CONNERY: No, it’s a small facility.

SENATOR SWEENEY: It’s probably a courtroom.

ASSEMBLYMAN CRYAN: Okay. I have one other thing to put on the record, and then I will be done.
This lease is through Mack-Cali, right -- somewhere along the way?

ASSISTANT TREASURER BELL: Yes.

ASSEMBLYMAN CRYAN: Okay. Look, I’ve got to put this stuff on the record. I had the privilege of serving as the Chairman of the Democratic State Party. I was the Vice Chair in 2004, and Mack-Cali donated $3,000. And in 2002, when I was Vice Chair, they donated $2,000. So before anybody-- I don’t know anybody from Mack-Cali. I don’t know Mack, I don’t know Cali, and I don’t know anybody in between. (laughter) Well, you know, you’ve got to put it out there, or else (indiscernible) pick up-- You know, we’ve talked about this a million times. And I know this was bid, and I know this was put out to bid. But, you know, you just have to be super, extra sensitive.

Although, I still think, for 7,000-- I mean, I understand, we get pushed out, we’ve got to do something. I get it. But this is just money-- It just seems like it should be manageable.

That’s all I have.

Anybody have any other questions?

SENATOR SWEENEY: You’ve just got to treat the counties better. (laughter)

ASSEMBLYMAN CRYAN: Another voice heard from.

SENATOR SWEENEY: Motion.

ASSEMBLYMAN CRYAN: Another benefit of dual office holding right there, by the way. (laughter)

SENATOR SWEENEY: Looking out for the counties.

ASSEMBLYMAN CRYAN: I’m sorry.
Motion?

SENATOR SWEENEY: Motion.

ASSISTANT TREASURER BELL: Second.

MR. MacCALUS: Okay. To approve Lease No. 4614 for the Department of Labor and Workforce Development, Chairman Cryan.

ASSEMBLYMAN CRYAN: Okay. With the note that, as we’ve spoken about with Counsel, that we’re clear, and vetted, and there’s nothing wrong with voting on this thing.

Is that correct, Counsel?

MR. SHAUGHNESSY: That’s correct.

ASSEMBLYMAN CRYAN: Okay. With that stipulation and that clearly understood, I vote yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Assistant Treasurer Bell.

ASSISTANT TREASURER BELL: Yes.

MR. MacCALUS: It’s been approved.

ASSEMBLYMAN CRYAN: Thanks.

MR. SUTKIN: The next item submitted for your consideration -- and I hope you received my memo amending the order. If not, I’ll give you a chance to thumb through it. It’s No. 8, which is the lease with the Newark Parking Authority.

It’s for 300 parking spaces for multiple State agencies, with the Newark Parking agency, as I said, to service the buildings occupied by State employees in the Halsey Street area.

ASSEMBLYMAN CRYAN: This is the garage, right?
ASSISTANT TREASURER BELL: Yes.

ASSEMBLYMAN CRYAN: All right. You amended it to--

By the way-- So it comes out to $2,200 a space, right?

ASSISTANT TREASURER BELL: Yes.

MR. CONNERY: Annually.

ASSEMBLYMAN CRYAN: Annually, which seems to be-- Not

that I’m that great, but I checked around to a couple of-- That seems to be pretty much in order, right?

MR. SUTKIN: Yes, sir.

ASSEMBLYMAN CRYAN: Is that right?

MR. CONNERY: It’s actually $2,100.

ASSEMBLYMAN CRYAN: Twenty-one hundred.

And this lease is only until ’09, right?

MR. SUTKIN: Yes, but I can amend that information and let you know; we went back to the landlord since we submitted it. And we have an out on the lease at any time, with six-months notice.

ASSEMBLYMAN CRYAN: Would we actually go out, or would we be there longer? This is that garage, right, that you go underneath? Isn’t it? This is the Military Park Garage.

ASSISTANT TREASURER BELL: Yes.

ASSEMBLYMAN CRYAN: And the actual landlord now, so we’re clear, is the PAC, right? Isn’t that what the amended one said?

MR. SUTKIN: It’s the Newark Parking Authority, I believe.

ASSEMBLYMAN CRYAN: Oh, that’s what it is. The Newark Parking Authority.

MR. CONNERY: Yes, Newark Parking Authority.
ASSEMBLYMAN CRYAN: Okay. Why-- I was just curious as to why it was only two-- For once, I was wondering why it was only two years, given the parking needs down in the city. Anybody who read the arena article today would--

MR. CONNERY: Actually, historically, they haven’t given us more than a one-year lease at a time. I take that back. I think they’ve given us two-year leases, but they haven’t been amenable to giving us options. In this case, they actually gave us options. So we thought that was sort of a victory for us. But in addition, as Steve had mentioned, we were able to negotiate a six-month out. So we have complete flexibility with this lease. And we tie in the rates, which are significantly below what the market is in Newark.

ASSEMBLYMAN CRYAN: It’s good for me. Anybody else? (no response)
SENATOR SWEENEY: Motion.
ASSEMBLYMAN CRYAN: There’s a motion.
ASSISTANT TREASURER BELL: Second.
MR. MacCALUS: Okay. To approve Lease No. 4021, at 606-706 Broad Street, in Newark, Mr. Chairman.

ASSEMBLYMAN CRYAN: Yes.
MR. MacCALUS: Senator Sweeney.
SENATOR SWEENEY: Yes.
MR. MacCALUS: And Assistant Treasurer Bell.
ASSISTANT TREASURER BELL: Yes.
MR. MacCALUS: It’s been approved.
MR. SUTKIN: The next three items are related. They involve a lease for 33 West State Street and 50 East State Street, with the lessor being Brandywine. These involve detailed and lengthy discussions and negotiations between the State and Brandywine. And I’m going to ask Mr. Connery to give you the detailed presentation for your consideration.

MR. CONNERY: I don’t know how familiar you are with these buildings, but they are -- 50 East State Street and 33 West State Street -- are probably the two newer buildings in downtown Trenton and were part of an urban renewal program that occurred back in the ’80s, as I understand it. The State has occupied both buildings almost fully since they were built. They’re really a critical part of downtown Trenton.

These leases, which were 20-year leases to start, are approaching their termination date. And there have been discussions for quite a while with Brandywine, back and forth, on how to deal with these going forward. With the help of the Treasurer’s Office, and Ms. Bell, we sat down in the last, probably, six weeks and really worked hard with Brandywine to try to come up with a lease agreement that would provide the State with significant concessions so that we would be comfortable presenting this as a long-term lease.

ASSEMBLYMAN CRYAN: I’m sorry, I’m going to interrupt you for a second, just because I’m going to go back to 4021 for a second. And this is going to sound really foolish, but I don’t care, because it’s safety for me.

You sent this -- in the amendments on 4021, that the sublease was with the Parking Authority, but the lease-- The actual owner is the Performing Arts Center. Is that right, or do I not understand that correctly?
This is what I’m looking at -- under various here.

MR. SUTKIN: Yes, what are you looking at?

ASSEMBLYMAN CRYAN: This came in--

MR. MacCALUS: (indiscernible).

ASSEMBLYMAN CRYAN: --last memo.

MR. SUTKIN: What was the tab number, eight?

ASSEMBLYMAN CRYAN: It’s 4021 -- Lease No. 4021. It’s in disclosure statement.

MR. SHAUGHNESSY: It was in the amended package of the revised (indiscernible).

MR. CONNERY: Actually, I believe you’re correct. I think the Performing Arts Center actually owns it. We have a sublease with the Newark Parking Authority.

ASSEMBLYMAN CRYAN: Yes. And I’ll tell you why I’m so sensitive to that. And I’m sorry, but I’ve got to put it on the--

Is that right?

MR. CONNERY: Hold on.

Paul.

ASSEMBLYMAN CRYAN: Did I read it wrong?

MR. CONNERY: This is Mr. Campanella, who has dealt with the Parking--

PAUL CAMPANELLA: Hi, Paul Campanella, with DPMC.

The landlord is actually Newark Parking Authority. It’s sublet by the New Jersey Performing Arts Center. So the owner in title is the Parking Authority of Newark.
ASSEMBLYMAN CRYAN: Okay. So who-- Do we have any financial relationship with the Performing Arts Center in this?

MR. CAMPANELLA: Do we have any financial--

ASSEMBLYMAN CRYAN: Nothing -- when we do the lease or anything else, is there any finances?

MR. CAMPANELLA: Not that I’m aware of.

MR. CONNERY: Not that I’m aware of. The payment would go to the Newark Parking Authority.

ASSEMBLYMAN CRYAN: You guys laugh, but I’ve got to look and make sure--

MR. CAMPANELLA: No, no, I understand.

ASSEMBLYMAN CRYAN: --nobody on the Board of Trustees of the Parking Authority has ever -- I mean, of the Performing Arts Center has ever donated to me. I’m serious. That’s what I’ve got to go through. Is there any financial thing here? (negative response) So there’s no financial consideration?

MR. CAMPANELLA: We pay the Parking Authority directly.

ASSEMBLYMAN CRYAN: Okay. That’s what I need to know, because--

MR. CAMPANELLA: It’s operated by Central Park Systems -- is the operator of the garage. And the Parking Authority sublets the space to the Performing Arts--

MR. CONNERY: And our lease is with the Parking Authority.

MR. CAMPANELLA: Parking Authority.

ASSEMBLYMAN CRYAN: Okay. I apologize, but we got this yesterday.
MR. CAMPANELLA: No, that’s okay.

MR. CONNERY: No.

MR. CAMPANELLA: It’s understood.

ASSEMBLYMAN CRYAN: And I have to be Caesar’s wife. All right? (laughter)

Thanks.

I’m sorry. We’ll go back to the other now.

MR. CONNERY: Just to continue, the three packages issued, by the way, are 9, 10, and 11. There’s actually-- We have three leases that apply to these two buildings: 33 West and 50 East State Street, which are multi-story buildings. So when I talk about these, I’m talking about really the buildings as -- jointly. They’re both owned by Brandywine. And as I say, we have almost full occupancy in both buildings. Our negotiations combine both buildings, because we thought that was the most advantageous way to approach the negotiations.

To make a long story short, we spent a lot of time, a lot of effort, and there was a lot of hard work to get to this point with Brandywine, with a lot of help from the Treasurer’s Office. But what we were able to achieve was a reduction in rent, with respect to both buildings, to $17 a square-foot. And frankly, I’ll direct you to our leasing action recommendation page, which is more of an executive summary in this case.

It’s basically the same document for all three packages. It highlights the various concessions that the landlord made as part of this lease. But to sort of summarize, it’s a 15-year lease that we have the ability to get out of in 12 years. We achieved a reduction in rent, which we -- which will result in a savings of $2.3 million between January 1 of 2008 and
December 31 of 2009. Comparing the status quo to our new rental structure and our new deal with the landlord, we anticipate a savings of over $8 million total over the course of the lease in rent and operating costs.

In addition to that, the landlord is providing us with a tenant improvement allowance of almost $8 million, which is really critical. Not so much because we want to improve the buildings -- it’s critical because it allows us to restack these buildings and maximize the use of the buildings. We do have some available space in 33. There are plans afoot to bring several different groups, including Homeland Security, Revenue, and others into that building, so that the net effect is we avoid having to go out for new leases, we have the ability to potentially close some month-to-month leases that currently exist, and show savings there. We can maximize our use of these -- of that building, and 50.

MR. SUTKIN: Federal reimbursement.

MR. CONNERY: And actually, as Mr. Sutkin points out, one of the tenants we hope to put in the building -- their rent would be paid through Federal dollars. So that helps the State.

In addition, the landlord has offered to provide us, free of rent for five years, 12,500 square feet of space in 50, which again should allow us to avoid going out for new leases and potentially close other month-to-month leases if we use the space in that way.

We’re getting free storage space, which is helpful because it allows us to move documents, files, things of that nature into a storage area, which again frees up more space for employees and allows us to maximize the space. The free space also comes with a tenant improvement work
letter, which has a value of -- well combined, really, with the rent and the work letter -- of over $1.1 million.

Again, I’ve laid out most of these points in the leasing action recommendation.

Another significant point is, we’ve worked hard with the landlord. They’ve agreed to reduce certain operating costs for the building, which is going to result in a minimum of $150,000 a year in savings on the operating costs, particularly the ones that get passed onto the State. We are looking at other areas where we may be able to further reduce those costs in both buildings.

Again, it was an interesting negotiation, because it was important for the State, really, to stay in these buildings. These are not buildings you want to have abandoned in downtown Trenton. But on the other hand, we weren’t going to pay a premium for them. We compared our deal to what’s going on in some of the other, newer buildings in Trenton. And we’re very comfortable that this is a very, very good deal for the State.

ASSISTANT TREASURER BELL: I’ll just add a couple of things. I think Chuck has stated it very well.

I think that when we look at what we -- in our master planning activities, we’re getting down to tighter metrics, we’re consolidating groups, we’re looking at where we have marbled vacancies, and trying to figure out exactly how much space we need. One of the things we did, as we looked at the Brandywine buildings, is to say, “How many leases could we migrate out of, potentially, if we could restack these buildings? How could we make for a more efficient operation?” And I think between the concessions we’re
getting on the deal, and the tangential benefits that we’ll get as a result of
being able to migrate more people into the buildings, I think this is going to
become an even greater economic deal for the State than it appears, just by
these economics.

The other thing I wanted to clarify is that although this is a 15-
year, with an out after 12, in effect we already have a two-year remaining
obligation on these buildings. So you can think of this as a potentially 10-
year lease, since we do have an out after 12, and since we’re already
obligated for two. But it is a 15-year arrangement.

And I think that the team did a phenomenal job. And I think
the negotiations were very, very successful. This is a good model for us.

ASSEMBLYMAN CRYAN: It’s the best lease I’ve read here so
far, I’ve got to tell you, in my time. It’s a really remarkable job, remarkable.

SENATOR SWEENEY: Since you’ve been doing all the
disclosures so far, I’ll do some now. And it’s a good thing, because it’s a
reduction of cost. But at one time or another, I’m sure Brandywine has
supported my campaign for one of my offices. So I want that on the record
now.

But the staff has done an outstanding job.

And this meeting is so much nicer than the previous meetings
we’ve had. You guys are doing a great job. Because I’ve been very critical.
But it seems like it’s getting organized and more structured, and we-- It
looks like we’re focused.

So congratulations.

ASSEMBLYMAN CRYAN: I want to echo the Senator’s
comments in a lot of ways. Unfortunately, one of them is a disclosure, too.
(laughter) In 2004, Brandywine donated $1,000 to the Democratic State Committee. I don’t know Brandy, and I don’t know Wine, (laughter) and I don’t know anybody else. But I want to put that on the record, as well, just so there are no issues.

With that, I have to tell you, it was really-- Congratulations. I mean, important economics -- important all the way around. And it is -- it’s just so nice to see--

Congratulations, really.

MR. SUTKIN: Thank you.

ASSEMBLYMAN CRYAN: You guys should be proud of yourselves.

With that, is there a motion?

SENATOR SWEENEY: Motion.

ASSISTANT TREASURER BELL: Second.

MR. MacCALUS: To approve Lease No. 4005, 4029, and 4219, 33 and 50 East State Street -- or 33 West State Street and 50 East State Street, Chairman.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Assistant Treasurer Bell.

ASSISTANT TREASURER BELL: Yes.

MR. MacCALUS: They’ve all been approved.

MR. SUTKIN: Thank you very much for your votes and your votes of confidence.
At this point, we’d like to pass onto the next stage of the agenda, which is the presentations by the different departments. The first one I believe on the stage is Environmental Protection, followed by Health and Labor.

ASSEMBLYMAN CRYAN: Let’s do Labor first. I’m sorry. We are really pleased to have the Commissioner of Labor.

So, Commissioner, thank you so much for being here. I think you’re going to take us through. And why don’t you go ahead and do so?

COMMISSIONER DAVID J. SOCOLOW: Great, there we go.

Mr. Chairman, thank you very much -- Senator Sweeney, Assistant Treasurer Bell. It’s good to see you all.

Thank you very much for your indulgence in allowing me to speak out of order here. I do have a meeting after this, actually with the Commissioner of Health.

So to those at the Health Department that I’m bumping out of the way, you can thank Dr. Jacobs for that. (laughter)

But thank you very much -- to speak before this Committee and to talk about our Department’s current and future space needs.

The Department of Labor and Workforce Development recognizes our obligation to the taxpayers that the services that we provide with the public’s tax dollars must be accessible to all New Jerseyans, regardless of where they live. And in addition to Income Security, Disability Services -- which encompasses Vocational Rehabilitation, Social Security disability determinations, and New Jersey’s Temporary Disability benefits program -- we also, as you’ve heard today, have Workers’
Compensation, Workforce Development -- which are the One-Stop Career Centers throughout the state, in partnership with our local government entities, to provide job training, job placement, and a variety of services to workers and employers; as well as Wage and Hour, and Occupational Safety and Health, within our Labor Standards and Safety Enforcement; and Labor Planning and Analysis, which provides labor market and demographic research and statistics to policy makers in New Jersey.

Our programs touch the lives of some of New Jersey’s most vulnerable residents: the unemployed, the disabled, and the exploited. It is important to bring these services to the citizens of New Jersey who rely on them. And to that end, the Department maintains a total of 56 separate field offices, whose work is coordinated through the Labor building in Trenton. And I will note for the record that the report you have says 41. There are 56 locations. These offices are located throughout the state and represent the Department’s best efforts to be where the people of New Jersey reside, in order to present the highest level of service to the greatest number of people.

While we offer these programs throughout the state, we are very mindful of our fiscal responsibilities. We work very hard to achieve efficiencies and economies of operation. And we have worked very closely with Treasury to consolidate services, both with other departments and governmental agencies, State and local. In fact, we have been working with the State Employment and Training Commission, as mandated by the 1998 Federal Workforce Investment Act, which establishes One-Stop Career Centers in every local workforce area of New Jersey, of which there are 18. The centers are designed to provide comprehensive employment and
workforce services, as specified under Federal law. And we and the counties -- and in a couple of cases the cities -- have cooperatively determined where to place those comprehensive One-Stop Career Centers. In some locations -- Somerville, Wildwood, New Brunswick, Thorofare, and Hackensack, just to name a few -- we have invited the county to join the Department in State-leased facilities so that they can be together with us. In other places -- Morristown, East Orange, Westampton, and Plainfield, to name a few -- we have subleased from the county. We do whatever makes the most sense for the taxpayer and for -- and to provide the best services. And we have partnered with Camden County, Union County, and Atlantic County in leasing initiatives to find new -- completely new common sites, where that made the most sense in Camden, in Pleasantville, and -- as I’ll mention in a moment -- soon in Elizabeth. And, finally, we have participated in Treasury-sponsored consolidation of leases in Jersey City, Newark, Bridgeton, and in the Trenton Complex -- on Yard Avenue, by the train station.

Consolidation of operations is very important and is something we are working on in all of our program areas. Unemployment Insurance has consolidated much of the claims filing and adjudication functions to achieve economies of scale at centralized, computer-based centers in Union City, Freehold, and Vineland. And as we move out of older leases, we continue to reduce the space that’s allotted to in-person Unemployment Services, as those services are now largely delivered over the telephone and the Internet.

As I mentioned earlier, we recently -- this Committee, thank you -- recently approved a lease in Elizabeth. That One-Stop Career Center
will allow the Department to close three separate leases at other locations. It will move to a building with fewer total square feet, reflecting a redesign of space to a more efficient model, based on the current number of employees; provide significantly more space for training rooms to serve the workers that we train; and, finally, to consolidate with the Union County government that provides employment and training services. So we really have a real comprehensive One-Stop single point of access.

A couple of other examples of making more efficient use of lease space: As mentioned in some of our submissions, we plan to close the Flemington office and consolidate into an existing space in Somerville. Secondly, the first floor of the Bridgeton Office, in Cumberland County, has seven employees. And we would like to close that office and move them to Vineland, where ample space exists, and where we would maintain a comprehensive One-Stop with both us and the county -- both the State and the county -- that would provide a more comprehensive and effective service point. And we’re looking with Treasury at agencies that could move into that space if we move out -- in Bridgeton, on the first floor.

We gave up space in Toms River to the State Police, when we moved our Office of Vocational Rehabilitation out of separate space and into, again, a comprehensive One-Stop just down the road, on Hooper Avenue, in Toms River. And the relocation of staff out of our Bloomfield office, to, again, consolidate that county office in East Orange, created a vacated office that is being used to meet the growing needs of the Department of Children and Families.

Labor auditors also moved out of Camden and moved into Hammonton, which backfilled space that DCF vacated, which reduced the
fiscal burden for DCF, since they’re not paying for space they’re no longer occupying.

And we also made space, that we vacated when we consolidated our Morristown office, available to Treasury, which Treasury then used to give space to DCA and the Public Defender. And we also avoided a lease advertisement and avoided having to acquire new space by moving employees out of Trenton -- Yard Avenue -- into the existing leased building that is at 135 East State Street, the Nevius-Voorhees Building.

So we are working very hard to use the space we have as efficiently as possible. We are designing our office space based on actual, not potential, usage. And we do recognize that, nonetheless, the space usage report numbers that you’ve analyzed do not fall within the guidelines established by the Committee. But as I think the analysis recognizes, many of the areas and the offices we maintain around the state are not occupied by staff. They’re used by clients. And that skews those percentages.

Our One-Stop Career Centers, especially the largest ones in urban areas, have adequate waiting spaces for the public, they have multiple training rooms for the mandated services, job search workshops, job clubs, Internet computer labs, literacy programs, Welfare-to-Work programs, and employer-run recruiting operations. Each of these areas is required and essential to the services provided by the Department to the workers and employers of our state.

There is another area where I know space usage will appear problematic on the schematic that you have, which is Workers’ Compensation. And again, a closer look at this will reveal that the space in those offices is designed to accommodate the public, as well as Labor
Department staff. What skews the ratio of employees to space are floor plans which include courtrooms, judges’ chambers, attorney conference rooms, and court reporter rooms. This space is not supported by staff, it’s used by the public. And the usage report that is submitted to the Committee will indicate, in fact, that this space is a necessary component of the services that we offer to our clients.

So thank you for the opportunity to appear before you and answer your questions. We share this Committee’s strong commitment to fiscal responsibility while meeting the maximum efficiency and providing the highest standard of customer service.

Thank you.

ASSEMBLYMAN CRYAN: Anybody have anything? (no response)

I just have a--

Commissioner, in the consolidations that you’ve done -- closed Flemington, and you’ve--

COMMISSIONER SOCOLOW: No, we’re planning that.

ASSEMBLYMAN CRYAN: Planning.

COMMISSIONER SOCOLOW: That’s a proposed one.

ASSEMBLYMAN CRYAN: I just use that as an example where you’ve moved folks over, and then you’ve gone into other buildings.

Have you had any issues with employees, in terms of not just the move -- which would be naturally difficult -- but the idea of combining space, or working with other departments or agencies, and sharing that? Has there been any particularly unique circumstances?
COMMISSIONER SOCOLOW: Well, every single one of those consolidations has been different. And I will tell you, the grand openings are a wonderful culmination, when we get to cut the ribbon, and everybody’s finally figured out who gets to share which space.

It is harder when you’re trying to do a true comprehensive service delivery, because people are used to being able to schedule their own conference room, not to have to -- you know, five different program areas share a conference room. And those kinds of issues are part of changed management. We work through that. We’ve had tremendous cooperation from all of the different State entities, and from the county and city entities.

ASSEMBLYMAN CRYAN: Okay. So things like sharing conference rooms and sharing space has just been sort of a culture change.

COMMISSIONER SOCOLOW: It’s a culture change. It’s about control, it’s about the fact that people are used to having their own sandbox, and we’ve merged them together. But it’s worked. And what has ultimately gotten people around the idea is that the service is so much better, because people are not shunted from place to place. We actually have been able to show, since the 1998 Workforce Investment Act, that when you ask clients to go from office to office to get different services, some of them drop off. And since a lot of these programs are, in fact, measured on their service numbers, they actually can see where there’s the win for their program area.

ASSEMBLYMAN CRYAN: My only other question was -- which is another positive -- is, in the Summer, you’re down to the need of
170 a square, from the 200, when you factor in all the conditions that you talked about earlier; which is--

That’s me. (referring to PA microphone) I don’t know what it is. When you hit speak--

COMMISSIONER SOCOLOW: Well, it’s on now.

ASSEMBLYMAN CRYAN: There you go.

And that’s because you’re able to consolidate services in this way?

COMMISSIONER SOCOLOW: Yes, I think this is looking specifically at the Labor building -- the headquarters building that’s over here at John Fitch Plaza. We have looked specifically at the ability to do some restacking in that building because of a significant number of vacant cubicles. And that is, in fact-- Essentially, that’s our headquarters. And as there’s been a hiring freeze and declining funding, we have had more vacancies. And so we are certainly looking at other Trenton-area program areas that would make sense to put into the headquarters building that we could bring back to that building. And that will, in fact, accomplish that which you just discussed.

ASSEMBLYMAN CRYAN: On behalf of the Committee, I want to say thank you. Thank you so much for the report and the thoroughness of it.

Thank you.

MR. MacCALUS: Excuse me, could you let the engineer know your name?

COMMISSIONER SOCOLOW: Sure.

ASSEMBLYMAN CRYAN: Give them a card.
SENATOR SWEENEY: It’s easier to give them a card than spell it.

COMMISSIONER SOCOLOW: No one can spell it. (laughter)

ASSEMBLYMAN CRYAN: Okay, DEP.

MR. MacCALUS: State your name for the record, please.


Good afternoon.

My name is Gary Sondermeyer, Director of Operations at DEP. And with me is David Barth, who is our Director of Budget and Finance at the Department. And we certainly appreciate the opportunity to appear before you today, Assemblyman, Senator, and Treasurer Bell. Thank you very much.

I think you have a copy of the formal, written testimony for today. With your permission, I’d like to paraphrase and go a little more quickly to the high points, if that’s okay, in the interest of time. Would that be all right? (affirmative response)

Thank you.

Certainly efficient space utilization is an issue that Commissioner Jackson firmly supports and endorses. We have a very good working relationship with Property Management and Construction, Steve Sutkin and Bernie McLaughlin in particular.

Regarding, as a first main point, our current leases and use of space, we don’t envision any additional need for office space within the Department. We do have some special location areas, regional field offices,
that are important, we think, to retain: our compliance and enforcement regional inspection locations, our Site Remediation Program, our regional Toms River construction and engineering office that we have in operation. We also have some specialized laboratory testing facilities at Arctic Parkway and on Scotch Road, where the State has made substantial investment in the equipment of those laboratories. We’d like to be able to keep those in operation.

Similar to Commissioner Socolow before, we have done some consolidation. And I just would point out one small example that has been very positive -- at our Toms River location, where we were able, through cooperation with Property Management and Construction, to accommodate some folks from the Department of Children and Families. And that’s working out well. And in terms of the future of regional cohabitation of State office facilities, Commissioner Jackson certainly supports that. The agency supports that where it makes sense, where there are cost savings, and certainly when it can accommodate the location needs that we would have for the DEP.

I’d like to really focus on one main area from the LBAM database and the information that you received. We certainly think it’s a terrific planning tool -- the database -- and we support it’s development, its ongoing improvement, and refinement.

Our headquarters building, at 401 East State Street--According to the information, it does show that we have 231 vacant work areas right now. We think that’s a little bit misleading. Eighty-one of those areas are currently utilized for essential service areas like file areas, and copiers, and fax machines, and things of that nature. So we think a more
accurate baseline, currently, is 150 work stations. And of that, we do currently have 79 funded vacancies and fee-supported programs, where we have not been given authorization yet to backfill those. But we certainly hope to. And that would bring the number down, roughly, to half of that.

And there is one other area I want to bring to your attention. We have a significant challenge with the OPRA program. And from some reconsolidation in the main building of 401 -- would take up an additional 24 spaces. So we think a more accurate number at 401, of real vacant areas, would be 47 -- and spread across the seven floors of our main building.

In terms of the OPRA issue, I think it’s pretty accurate to say, as a matter of fact, that DEP is kind of OPRA Central for State government. We get a full two-thirds of all OPRA requests. During the five years that OPRA has been in existence, the number is about 60,000 OPRA requests that we have processed. Currently, they are primarily in our site remediation area. You can almost picture the cubicle of the staff worker. It’s already cluttered with technical reports, and drawings, and files. And we have to go retrieve, from the record retention area, 300 to 500 storage boxes each and every week, bring them back to DEP. The case manager has to take them into that small cube and go through to review the file, pull out duplicate information, redact that information -- whatever that would be.

We’re proposing -- and I think you have a proposal -- a current situation of Attachment A, and revised floor plan area on the first floor in Attachment B, of where we would like to create some space where we could actually have these boxes brought, retained on some shelving. The staff person could go down, do what they need to do in a better environment,
and be able to process the data and information necessary to photocopy for the OPRA request.

The one other area I will mention just very briefly: At one of our Fish and Wildlife locations at Assunpink, we’re currently evaluating actually taking a garage and -- to make it into some office space so we could sort of do a chain reaction of moving some of our folks from the Trenton campus at 501, out to new office space at Assunpink; and then backfill in our land use area, where we have a high vacancy rate of, also, some funded vacancies at the 401 location. So just an example, I think, of trying to work with the space we have to maximize its utilization and not ask for any additional space for the agency.

Really, that’s all I wanted to highlight.

On the Department’s behalf, certainly on behalf of Commissioner Jackson, we thank you for the opportunity. We certainly will give our full cooperation at any time to the Committee. And I’m sure we’ll retain an outstanding working relationship with Treasury, and Property Management and Construction.

So I thank you for the kind attention. And we’d be happy to answer any questions you have.

ASSEMBLYMAN CRYAN: You guys have 45,000 boxes that you have to keep on file indefinitely?

MR. SONDERMEYER: Out in the record retention area. And largely--

ASSEMBLYMAN CRYAN: That’s--

MR. SONDERMEYER: I’m sorry. (referring to PA microphone)
ASSEMBLYMAN CRYAN: Go ahead.

MR. SONDERMEYER: Largely it’s a function of the Site Remediation Program where, as you know, you have to go back, sometimes, decades -- 30, 40 years -- for responsible party information. And in our records retention schedules, we really have to retain the information. So it is really a very big burden.

ASSEMBLYMAN CRYAN: And we make copies for, basically, nothing, right?

MR. SONDERMEYER: Very low amounts, correct.

ASSISTANT TREASURER BELL: One of the things we talked about, Gary, with your folks as we were discussing this, is to look at whether or not we can at least see if there’s a business case to be made to do some of the electronic scanning of documents so that there can be electronic retrieval. And if we can, in fact, then maybe shed a leased space and put it into space within 501, as opposed to try to have to create space for OPRA responses. That might be a way of funding getting those things scanned, and easier for your folks to respond to these requests, which I know are quite burdensome.

MR. SONDERMEYER: Absolutely. And in our -- we have a strategic plan for information technology, and we have the whole imaging issue as part of that. And I really should have mentioned that. It is something we’d love to evolve to, to sort of get away from the whole paper world that we’re working under now, which takes up so much space and is really very inefficient.

ASSEMBLYMAN CRYAN: You guys have 40 percent of all the State-owned buildings, in DEP?
MR. SONDERMEYER: Are we 40?

ASSEMBLYMAN CRYAN: You have almost 2,000 buildings that you own.

E. DAVID BARTH: Which includes the parks.

Assemblyman, that would include all of our park facilities, historic sites, wildlife management areas, and the buildings within those; besides just the leased facilities that may be in the Trenton area, and our couple regional centers that would be in Morris County, Toms River.

ASSEMBLYMAN CRYAN: And 97 percent of you lies in Fish and Wildlife, and Parks and Forestry.

Forty-three buildings are used for administrative support, and 25 serving special purpose. That’s-- I mean, you guys have-- You’re the big cheese here, aren’t you, when it comes to--

MR. SONDERMEYER: A lot of space. We do have the 40 parks, 115 wildlife management areas, 55 historic sites. They all go into that. And that sort of brings the numbers way up.

ASSEMBLYMAN CRYAN: Well, skipping the historic sites for a minute--

And I guess, Debra, you’re looking at this already.

But in the idea that you’re in every county -- required to be in every county -- it sure-- I’m not saying we can put a workman’s comp courtroom in a DEP facility, but it sure looks like there would be opportunities the other way, as opposed to you just saying you don’t need anymore space. I was thinking about using some of the space you have, since you have the most of it -- is the other way around.
MR. SONDERMEYER: Yes, and certainly we’re willing to have other entities come into space, if that makes sense.

ASSEMBLYMAN CRYAN: I mean, what I don’t want to do is -- at least in our (indiscernible) -- I don’t want to say, “Well, it’s Fish and Wildlife. We’re not going to look at it. It’s off the ground plan.”

MR. SONDERMEYER: Sure.

ASSEMBLYMAN CRYAN: I have no idea how big the buildings are. I don’t pretend that.

MR. SONDERMEYER: Right.

ASSEMBLYMAN CRYAN: The other thing I want to note -- which I’m going to note -- is that we got these yesterday. All right?

Look, I admit I didn’t read all this between 4:00 yesterday and today. All right? So, I mean, if we have questions further, we may follow-up with you, as well.

MR. SONDERMEYER: Certainly, and our apologies for you getting it last minute.

ASSEMBLYMAN CRYAN: I only have one other question, which is the 213 square feet per person. That’s one of the things that we’ve been on here -- is about how many square feet per person we need. It’s in the executive summary. If you could elaborate on that for us.

MR. BARTH: Yes. The calculation and the computation of the 213 square feet -- which would be the net with the ability to backfill some of the workspaces, plus the others -- is really driven by the overall DEP building being 385,000 square feet. And, in effect, if we have 1,600-and-some employees in there, that’s really what it calculates. But what happens is, when you look at the 385,000 square feet as gross space, that
includes a cafeteria, a public hearing room, a public access center, our data
and computer center, as well as physical work locations; and, as Gary
mentioned, copying space, space for OPRA filing. So when you take some
40,000 square feet that is in the building that is dedicated to the public
hearing room and the cafeteria, and you divide 16,000 (sic) employees -- or
1,600 employees into that gross number, you get a skewed square-foot-per-
employee number. So we’d like to be able to work with Treasury to kind of
refine some of those numbers.

ASSEMBLYMAN CRYAN: Yes, but that’s a guideline you use. It’s a guideline you use as part of the methodology as to whether a building
is acceptable, cafeteria or not, right? I mean--

SENATOR SWEENEY: I am-- From, again, a county
perspective, we don’t put cafeterias in our buildings. When we locate
government buildings, we want government dollars going into helping
improve the economies in the region. And I think that, you know, again, as
we talk about long-term--

And again, Chairman, I didn’t get a chance to read this. I want
to know where we’re going from here.

But, you know, the beauty of having government employees in
the community -- the plus side of that -- is that if they go out into the
community and spend money-- You know what I mean? That’s the real
upside of it. And wasting tax dollars on cafeterias and other spaces like
that, I think, is a waste. I think it defeats the purpose of having the
government building. Because if everybody stays in the government
building, the community doesn’t benefit, except for the traffic that comes in
and the traffic that goes out.
So again, really thinking forward-- How can-- As part of where we’re going with this stuff, again-- And I think Steve has done a great job, and Debra has done a great job of starting to organize this.

I know what we’re doing. I want to know what we’re going to do differently, going forward, so that, again, government buildings are an asset, not just a drain on a community.

Do you follow me?

MR. SONDERMEYER: Yes, absolutely.

SENATOR SWEENEY: People staying in-- Like I said, spending government dollars to keep people in, rather than getting them out, doesn’t make a lot of sense.

We want you to think differently. I think that’s what we were talking about. We know what you have, we know how you’re doing it. There’s a lot of buildings. I can tell you, you probably could put some operations in county functions -- in county buildings in different counties and eliminate some facilities. Cost-share that way.

The Department of Labor is doing that. And I think that this Department needs to look at that, too -- just an observation -- where it can. It can’t be everywhere, but it’s kind of what we’re talking about -- is recreating. We know what you have. How do we make it better?

MR. SONDERMEYER: Certainly.

SENATOR SWEENEY: And I know that’s what Debra has been trying to do also. But I’d like to see something different come back here than, “This is what we have.” How do we make a government building or a government function a benefit to the community? And that one
example really does make it benefit the community. It keeps some businesses going.

ASSISTANT TREASURER BELL: One of the things we’ve also talked with DEP about -- that they’re working with us on -- is how we house field workers and whether or not we can do something in a shared office environment. And so I think as we go forward, some of these progressive ideas are going to get weaved into the plans you’ll see.

ASSEMBLYMAN CRYAN: My last thing is on the-- It’s in your comments about-- How do you say it, Assunpink? (indicating pronunciation)

MR. SONDERMEYER: Assunpink, (indicating pronunciation) yes.

ASSEMBLYMAN CRYAN: Assunpink. The five different schemes -- it’s a great word, schemes -- schemes here that you presented for construction costs.

MR. SONDERMEYER: Looking at the garage configuration to make it into office space?

ASSEMBLYMAN CRYAN: Yes. Are one of these-- Without having had the opportunity to review each one and ask a set series of questions, are one of these more favorable to you than the others?

MR. SONDERMEYER: I’m not sure if we’ve completed it. Do we have--

This is Al Payne.

If Al could address you.

ALVIN PAYNE: (speaking from audience) I don’t think that’s been answered yet.
HEARING REPORTER: Excuse me, Mr. Chairman, he has to come up.

ASSEMBLYMAN CRYAN: Come on up, Al. Get a mike.

MR. PAYNE: No, that hasn’t been answered yet. I know it’s been passed around to the Division of Fish and Wildlife. Comments did come back. And we have comments to go back to the architect to actually refine that. There were some oversights on their part during the investigation.

ASSEMBLYMAN CRYAN: Where is that?
MR. PAYNE: Assunpink?
ASSEMBLYMAN CRYAN: I see it’s Monmouth County, but where about?
MR. PAYNE: Yes, it’s Monmouth County, directly off Interstate 195, Imlaystown exit.

MR. SONDERMEYER: It’s actually very convenient to Trenton.

MR. PAYNE: It’s probably about a 15-minute ride.
MR. MacCALUS: Just a little east of Allentown, right?
MR. PAYNE: Yes.

ASSEMBLYMAN CRYAN: It’s not near Freehold, is it?
Okay. And what are you doing? I mean, this is the kind of thing we’ve been talking about, which is why I want to explore it for a moment.

MR. PAYNE: Yes. The idea was to relocate some of the employees from the Trenton complex out to the Assunpink office.
MR. SONDERMEYER: Fish and Wildlife folks who are currently in the Trenton area would go out to the Assunpink office. And then we would backfill vacancies we have with Land Use people, who are also in the 501 facility now. Just make better efficient use of existing space, which I think, from your comments, are exactly what -- the direction you want to see us go.

ASSEMBLYMAN CRYAN: So you’ll eventually -- just to finish it up -- you’ll eventually select one of these and go through the--

MR. PAYNE: Yes.

ASSEMBLYMAN CRYAN: All right. Thank you. Anybody have anything else? (no response)

Thank you very much.

MR. SONDERMEYER: Thank you very much.

J A Y J I M E N E Z: Good afternoon, Mr. Chairman and Senator Sweeney.

My name is Jay Jimenez, Chief of Staff for the Department of Health and Senior Services.

Regretfully, as Commissioner Socolow indicated, Commissioner Jacobs is in a meeting with the Commissioner. And so we’re tasked with presenting to you this afternoon.

I want to thank you for that opportunity.

I’d like to do two things: just give you a brief overview and actually kind of illustrate some examples of what the Department is actually doing -- in terms of renovating, and reconstructing, and merging some of the space utilization -- through a very brief PowerPoint presentation.

(Begin PowerPoint presentation)
Upon Dr. Jacobs coming to the Department, he charged us immediately with doing an assessment of efficiencies: of fiscal efficiency, and of programmatic efficiency, and space utilization. So we’ve been in that mode for the last three years. I’m pleased to say that as a result of that, we actually had a major reorganization of the Department, where we went from a four-commissioner structure to a two-commissioner structure. And that caused merger of programs, in addition to space and personnel.

Since that time, as a result of that reorganization -- briefly -- we have returned back to Treasury, in terms of space, one-and-a-half floors at 240 West State Street, a fifth floor at the State Library of approximately 40 swing spaces, 23 cubicles on the third floor of 120 South Stockton Street, six satellite field offices, and 36 work stations in Newark and central New Jersey. Overall, I’m pleased to say that the reorganization has taken a look, again, at consolidation and merger of programs, our field operations, and our regional offices. And we’ve actually taken, in the Division of Senior Services -- consolidated nine regional offices into three. And we’ll demonstrate that for you.

Our ratio, however, of space utilization is not within guidelines. And we tend to feel that that is skewed due to the uniqueness of the Department’s lab -- our health lab -- which occupies a great deal of square footage by equipment. And we have a slide that will represent that to you.

So at this point, what I’d like to do, with your permission, is call on our Director of Management and Administration, John Fasanella, to kind of go briefly through the presentation and illustrate to you four or five key initiatives that will illustrate our efforts.

JOHN FASANELLA: Thank you.
Well, the first thing is how we did this. Really, three key points: First, we’ve embraced technology for field employees. We’re eliminating the amount of space necessary for them. We’re getting them laptops, Blackberries, and we’re making -- and we’re sharing space with a number of individuals, so that when they come in, they come in once a week, and they’re sharing space with other people, and multiple people are using the same space. And we’ve downsized that space.

And the second thing we’re doing is: The Department is in the process of creating an integrated technology plan to facilitate the maintenance and retrieval of archived and real-time documents, as well as ensuring strict enforcement of retention schedules and researching the feasibility of off-site storage with central filing spaces.

And finally, as we occupy vacated space, we’re reconfiguring established areas or employing new standards for seating. For example, we’ve instituted the practice of a standard system furniture of seven-by-eight, rather than eight-by-eight or eight-by-nine. We want the space to be respectful but not luxurious.

I’m just going to highlight four examples of what we’ve done in our 15 different locations to occupy -- some of the stuff that we’ve done to utilize space in a more important -- in a more efficient manner.

The first thing we-- One of the first things we did is, we met with the DPMC, and we did a physical audit of all of our space. And we tried to restack areas to the best we could. As you can see in this one location -- if my pen would work -- I guess it’s not -- we went from 47 work areas at 25 Scotch Road -- where we moved the Public Guardian into -- to 63 by using the existing furniture, restacking the size. If you go to the next
location, the field employees for the Public Guardian, we have four-- In the conference room at 25 Scotch Road -- we have four conference rooms that we were using. We reallocated -- forced people to use conference rooms. And we hotwired these conference rooms for all the field offices, and basically put in kiosks so that between 28 and 50 field employees can work there, instead of getting normal cubicles.

Go to the next one, Michele.

This (indicating) is what Jay was talking about as an example of some of our laboratory space. If you were to look at this, it would show that we are 57 percent over our allocation for space. But the reality here is, if you look at all the blue equipment, these are people that are occupying space in the blue equipment. And that’s almost at-- Even if you went over half, this shows how skewed the laboratory makes our statistics.

Michele, would you go to the next one?

One of the other things we did is, we restacked the fourth floor in the main Health and Agriculture building. Each one of our floors is approximately what, Kevin, 15,000 square feet?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Yes.

MR. FASANELLA: About 15,000 square feet, which can hold about 77 employees.

What we did here is, in the laboratories, we shrunk the administrative offices to about four-by-six and six -- I’m sorry, five-by-six and six-by-six. And we squeezed out-- We put local health here, and we moved them out of the State Library. And we moved these people out of Scotch Road. And we were able to squeeze an additional 18 spots in this building. And we were able even to do that -- go to the next one, Michele --
having to deal with all these support poles, which Treasury counts as cubicles, but we are using for fax stations, filing space, and everything else.

And finally, just to give you a quick example, we’ve consolidated our northern, our central, and our southern field offices from three facilities a piece to one facility in each region. And also, we’ve worked with Treasury. Because as we’ve instituted the field worker -- since most of these are field workers -- we have now been able to give back space. For example, here (indicating) CBVI is moving in. So we’ve been able to give back some of the existing space, even in the consolidated spaces, because we’re shrinking people, and we’re having them basically work on the field. A lot of our people that we have are hospital inspectors, long-term care inspectors, or nurses that work in the senior programs.

So I think, under Dr. Jacob’s leadership, we’ve taken the initiative to truly reduce our space. And to be honest, we’re doing it because some of those spaces we pay for. And it’s in blatant self-interest if we have to live in times where we have less resources.

That’s pretty much it. We’re open to answer any questions.

ASSEMBLYMAN CRYAN: Do you have anything? (no response)

How does the new lab fit in? You have a new lab. We talked about it earlier.

MR. JIMENEZ: Yes. Is this the new lab which-- We’re in partnership with Agriculture. The timeline for that, as indicated earlier, would be to come online in 20--

MR. FASANELLA: I think it’s calendar year ’10.
MR. JIMENEZ: --’10, which would then take our existing laboratory space in the H&A building and move it over to there, along with our remote lab locations over at Quakerbridge Plaza and Sierra Park, if I’m not mistaken--

MR. FASANELLA: Yes.

MR. JIMENEZ: --into that location. It then gives us the ability to free up that existing space.

Keeping in mind, again as was indicated earlier, the H&A building is probably one of the most filled -- one of the most -- buildings in need of help. (laughter) We clearly are working with very difficult, difficult space. But in terms of how the lab would play in, these spaces would then be moved into the new lab and free that up from existing space, in addition to whatever programmatic-related spaces that we could transfer over to that new location.

ASSEMBLYMAN CRYAN: And we’re coordinated on leases, which--

When you go to seven-by-eight versus eight-by-eight-- I’m curious. What’s the employee reaction?

MR. FASANELLA: Actually, to be honest with you, the seven-by-eight -- the furniture that we use actually has more space. Some of the furniture we were using with the eight-by-eight was wasting a lot of space. It had gaps in the tables. We’ve employed where we have filing systems underneath the desk in roll-outs. We put the filing space-- One of the ways we saved space is to take the file cabinet out of the cubicle, and we’ve employed central filing spaces.
We’d be glad to have you come over and take a look at one or give you pictures of what one looks like. But the bottom line is: overall, the-- We’ve used it in two sites now, and the employees-- I don’t hear many complaints.

MR. JIMENEZ: The reaction has actually been rather favorable.

MR. FASANELLA: It’s new.

MR. JIMENEZ: It has been rather favorable, Assemblyman, because we’re actually using modern furniture, which allows us to consolidate in a smaller space. And actually, for the staff member, it -- the working space is actually more efficient than some of the old furniture that we’d been using at the Department.

ASSEMBLYMAN CRYAN: And we have a plan.

Okay. Anybody have anything else? (no response)

Senator, Deb? (no response)

Thank you very, very much.

MR. JIMENEZ: Thank you.

MR. FASANELLA: Thank you.

MR. JIMENEZ: Have a good afternoon.

SENATOR SWEENEY: It’s good stuff.

ASSEMBLYMAN CRYAN: It is nice, isn’t it?

Congratulations, Deb.

Do we need a motion to adjourn?

MR. MacCALUS: Motion to adjourn.

ASSEMBLYMAN CRYAN: Is there a motion to adjourn?

SENATOR SWEENEY: Motion.
ASSISTANT TREASURER BELL: Second.
ASSEMBLYMAN CRYAN: Aye.
MR. MacCALUS: A voice vote is fine.
Chairman, Senator, Debra. (affirmative responses)
Okay. We are adjourned.

(MEETING CONCLUDED)