

Committee Meeting

of

STATE LEASING AND SPACE UTILIZATION COMMITTEE

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

DATE: December 11, 2008
1:00 p.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Nicholas P. Scutari, Chair
Assemblyman Jack Connors
Debra Bell

ALSO PRESENT:

John A. MacCalus
Office of Legislative Services
Committee Aide

Robert J. Shaughnessy
Counsel



Meeting Recorded and Transcribed by
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SENATOR NICHOLAS P. SCUTARI (Chair): I do want to apologize, as we call the meeting to order, for my lateness. The State Government Committee meeting is still ongoing, and I'm the Chair of that as well. So I apologize for making everybody wait. But we are going to have the meeting.

MR. MacCALUS (Committee Aide): This is a call to order of the December 11 meeting of the State Leasing and Space Utilization Committee.

We'll do a roll call here.

Chairman Nicholas Scutari.

SENATOR SCUTARI: Here.

MR. MacCALUS: Assemblyman Jack Connors is sitting in for Assemblyman Gusciora.

ASSEMBLYMAN CONNERS: Here.

MR. MacCALUS: Okay.

And Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Here.

MR. MacCALUS: Okay. We have a quorum.

Notice of this meeting was provided to the Secretary of State, the *Courier Post*, the *Star-Ledger*, and *Trenton Times*, and the State House Press on December 3; and as amended in accordance with N.J.S.A. 10:4-6 to 10:4-21, known as the Open Public Meeting Act.

Normally, what we do at this point is we approve the minutes. But since Assemblyman Connors was not at the last meeting, we'll postpone that until the next meeting when Assemblyman Gusciora is back.

What else do we have here?

I guess I can turn it over to Steve Sutkin for the presentation. I guess we're starting with Judiciary.

S T E V E N M . S U T K I N: Okay.

SENATOR SCUTARI: Do you have your mike on? (referring to PA microphone)

The one thing I did-- Before we get started -- and I spoke to Senator Sweeney earlier -- just before I forget. The binders that we get -- we need to get them in advance. There is a lot of reading in there to be well-prepared. But I will talk to you about that afterward.

MR. SUTKIN: We can talk about that. We did provide them in advance, except for one package, which was--

SENATOR SCUTARI: Further in advance.

MR. SUTKIN: More than 14 -- 10 to 14 days?

SENATOR SCUTARI: I think we got it on Tuesday.

All right, we'll talk about it afterward. Let's move on to the first agenda item.

MR. SUTKIN: That's not when we provided them to OLS.

SENATOR SCUTARI: We'll find out why they came so late.

MR. SUTKIN: Our policy is two weeks before.

SENATOR SCUTARI: That's what I had been told.

MR. SUTKIN: And I think we were pretty close to that this time.

SENATOR SCUTARI: Then it might be on our own internal -- why we didn't get it.

MR. SUTKIN: As I noted, just some preliminary remarks. As I noted last time, we're continuing to engage in our mass planning and

consolidation efforts. We booked several million -- I believe it's \$3.5 million against the budget this current fiscal year, and we're engaged in a lot of consolidated activities.

You'll notice in some of your agenda items today that a couple of the leasing items that we're talking about for short extensions actually involve those uses and those space uses being relocated into cheaper, existing lease space that's in Trenton.

The nature of this process is that you see leases that we present to you for additional space. But we have consolidations that we do where we don't need approval so, necessarily, we don't bring them to you. But we want to let you know that there's an ongoing effort.

In addition, we have paid attention to the comments of the Committee, obviously in the past and current Committee. We have been engaging in efforts to purchase. We've been partnering with the Economic Development Authority on the purchase of five State Police facilities, which we've been renting historically. But that doesn't come as an immediate determination. We have to do a full-blown economic analysis and see that. Plus, you may not realize there's often \$500 to \$1,000 of upfront capital we have to lay out before we get to debt for design for other programming services.

And there are other examples. I appreciate we are on short time -- or I imagine we are. I don't know what the anticipated--

SENATOR SCUTARI: I'm not sure. You have got me now. And I appreciate those first comments, because I do share the former Committee members' concerns. And I understand there are reasons why you can't buy or why it takes longer, and the start-up costs are there,

obviously, more than what's already put into the budget for leasing. But we are moving in that direction, and that is something that I want us to continue.

MR. SUTKIN: Right, and we are. It's just-- Frankly, we don't have the wherewithal to attack the complete portfolio of leases and say, "Okay. We're going to buy or build on every one of these." It's just not feasible. But we're trying to be strategic in the ones that we select, that present the most opportunity.

So with that, I understand that we want to talk about the Essex lease first, the Judiciary lease.

MR. MacCALUS: That's right, Judiciary.

MR. SUTKIN: That's the one that was presented to you last, because it was just completed -- the negotiation.

It's Notice of Proposed Lease 4623, and it was negotiated by the State -- Paul Campanella. And he can do the best job explaining that.

SENATOR SCUTARI: Okay. That would be great.

PAUL CAMPANELLA: Good afternoon, Committee.

Proposal 2643 involves Judiciary appellate judges. And what it does is take them from two leases in Hackettstown and Springfield -- Hackensack, rather, and Springfield, and consolidates that use into Newark -- back into Newark. It's converting a county-owned facility, the Leroy Smith Building, into a state-of-the-art, new facility for not only State use, but other county functions as well.

We were able to negotiate with the County of Essex a 20-year lease term that allows the State the right of termination after year 10, with a year's notice; and also a right to terminate after year 15, with a year's

notice, with a termination fee. That's explained and detailed in the requirement. We're looking for approval of the judges' relocation. That also includes growth from, I do believe, 27 staff to 46.

SENATOR SCUTARI: Normally, I wouldn't really like a 20-year lease. But this is with the county.

MR. CAMPANELLA: Correct.

SENATOR SCUTARI: And in a central location that's really within the best interest of where the Judiciary should probably be located.

MR. CAMPANELLA: Correct.

And the other concern, Chairman, was that in order to make the financials work for both the State and for the county, we had to spread it out over 20 years. We looked at the numbers over 10, and it just simply didn't work. Although-- And that's the reason why we had the termination clauses also included, realizing that a 20-year term is out. And not knowing potentially what our requirement would be, we're able to successfully insert a couple terminations.

SENATOR SCUTARI: When do you think that this would be a reality?

MR. CAMPANELLA: December 2009. That's the commitment from the county.

SENATOR SCUTARI: Okay.

Any questions? (no response)

Can I have a motion to approve the lease?

ASSEMBLYMAN CONNERS: So moved.

DEPUTY TREASURER BELL: Second.

SENATOR SCUTARI: Roll call.

MR. MacCALUS: Okay. Senator Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Conners.

ASSEMBLYMAN CONNERS: Yes.

MR. MacCALUS: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. MacCALUS: Okay. It has passed.

MR. SUTKIN: The first item on the agenda in the binder is NPL 4619, and it's for a new, two-year lease for 6,182 square feet for an additional 38 employees for the Division of Children and Families.

I want to note, preliminarily, that in the event that there are any programmatic or other questions relating to an agency -- in particular DCF, because they have five or six leases -- they're present, and they can answer any of the questions that you might have.

But in so far as the procurement is concerned, this was for an additional 38 employees. It was an advertised procurement. This was the most effective space proposal. It's only a two-year term, and it expires June 30, 2011, and it coincides with other leases in the area.

SENATOR SCUTARI: Okay.

MR. MacCALUS: This is part of a consent agenda for the first three, four -- five leases, right?

MR. SUTKIN: If that's the way you want to do it.

MR. MacCALUS: I sent that to you. All the DYFS leases are going to be discussed, and then we'll just make one motion.

MR. SUTKIN: Okay. So tell me what they are again, John.

MR. MacCALUS: Tab No. 1, you pulled items two and three from the agenda, Tab Nos. 4, 5, 6, and 7. Those are all DYFS.

SENATOR SCUTARI: Just for my edification, Tab Nos. 2 and 3 are pulled, right -- 4620 and 4622?

MR. MacCALUS: Right.

SENATOR SCUTARI: And you've discussed 4619 so far.

What else do we have for DYFS?

MR. SUTKIN: It's 4619, and then No. 4 is 4595, and 3869, 4553, and 4564.

SENATOR SCUTARI: It seems as though one of the areas of State government that's going to be expanding is DYFS -- more employees. You've already got a number of leases -- over a half-dozen today -- seven of them, two of which have been pulled. And you've already started to explore buying of areas where we're probably going to be for the long term, which is the State Police barracks that you had spoken about. Have you discussed or started to contemplate how long we're going to be in the business of DYFS, and what we're going to do in terms of long-term leases, or buy versus own (*sic*) in those facilities?

MR. SUTKIN: We have, and apropos to this conversation is the reason that two and three were withdrawn from the agenda -- was that there was a shift in program and shift in placement of that need. So tied in with the discussion of where they should be centrally located, district offices-- Even within a county, it's difficult to centrally locate all the needs of DYFS, depending on the county. Two and three were long-term leases, if you reviewed them. And because they're moving around staff, we didn't need that much space. Had we bought or built to that spec, we would have

had space that we would not have needed or we would have -- forced to go against the needs of the program as it existed and use that space. So that's part of the consideration as well.

But the short answer is, yes. We're considering it. We're looking-- Like I said before, we're looking at the low-hanging fruit. But generally, across the portfolio, we are considering on each of the leases.

SENATOR SCUTARI: Okay.

Assemblyman, members, any questions on these leases? (no response)

We're talking about NPL No. 4619, 4595, 3869, 4553, and 4564.

Seeing no questions, I'll entertain a motion and a second for the approval of those leases.

ASSEMBLYMAN CONNERS: So moved.

DEPUTY TREASURER BELL: Second.

SENATOR SCUTARI: Roll call.

MR. MacCALUS: To approve, as recommended, the five leases for the Department of Children and Families, DYFS; Senator Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Connors.

ASSEMBLYMAN CONNERS: Yes.

MR. MacCALUS: And Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. MacCALUS: Okay. We have passage.

MR. SUTKIN: The next item on the agenda, No. 8, NPL 4120, for the Division of State Police in the Department of Law and Public

Safety. It's for the Bureau of Marine Police. It's an intergovernmental lease with the Port Authority, and it's a 10-year extension of an existing lease at a slight increase. And regulations permit us to do a direct negotiation with a nongovernmental entity. Our negotiator negotiated this rate, which was lower than the private commercial rate. And we submit it for approval.

SENATOR SCUTARI: What's the situation with this location?
Is it owned by the Port Authority.

MR. SUTKIN: Yes.

SENATOR SCUTARI: They own it?

MR. SUTKIN: Yes.

SENATOR SCUTARI: And we're going to lease some space for marine police operations? (affirmative responses)

Any questions on that particular one?

This is waterfront property? We're going to keep our boats there, and you're going to house some--

MR. SUTKIN: Yes. We actually have a nice Google Earth picture for you.

SENATOR SCUTARI: I saw it. (laughter) It looks like a vacation area.

DEPUTY TREASURER BELL: Near the airport.

SENATOR SCUTARI: Put the sailboats in there.

Members, any questions?

Assemblyman.

ASSEMBLYMAN CONNERS: No, I'm good.

SENATOR SCUTARI: I'll entertain a motion and a second.

ASSEMBLYMAN CONNERS: So moved.

DEPUTY TREASURER BELL: Second.

SENATOR SCUTARI: Roll call.

MR. MacCALUS: Senator Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Conners.

ASSEMBLYMAN CONNERS: Yes.

MR. MacCALUS: And Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. MacCALUS: It has passed.

SENATOR SCUTARI: Thank you.

The next -- I believe it's the Parole Board.

MR. SUTKIN: The next item is 4621. It's Corrections, the New Jersey State Parole Board. It's a new, 10-year lease, new 8,900-square-foot facility. It was an advertised procurement, and this was the most cost-effective lease. Historically, you may know that these are not always the easiest clients to get housed -- the NIMBY issues, etc. And we usually don't get a lot of responses. And this is a good lease. The terms are excellent. And we submit it for approval.

SENATOR SCUTARI: I hope that the other ones are just as excellent.

My question is: This is a build to suit, correct? This doesn't exist -- this building -- yet.

MR. SUTKIN: No.

SENATOR SCUTARI: I mean, the picture you sent us was an empty field.

MR. SUTKIN: Right.

SENATOR SCUTARI: Why are we moving out of Atlantic City to Galloway? It seems like that would be a better location for the Parole Board to be in Atlantic City. I don't know.

CHARLES J. CONNERY: I believe Atlantic City was actually included in the catchment area. I don't believe we got any solicitations or bids from perspective landlords in the Atlantic City area. In fact, we only got three bids. When we ended up with the best and final, we only had two.

SENATOR SCUTARI: What's the situation here? You advertise it, you have an owner of a plot of land who is going to build you a building, and puts in for that, and you negotiate with them? Is that how this came to be?

MR. SUTKIN: That's already in-- All those costs are already incorporated in the deal that we presented.

SENATOR SCUTARI: No, I'm aware of that. I'm just talking about the mechanisms by which this agreement came to be. Because there's nothing there. This is a concept right now.

MR. SUTKIN: Right.

SENATOR SCUTARI: All it is, is you have a location in Atlantic City. You want to move out of that location, I'm assuming, for whatever reason, and someone is going to build a new building in Galloway Township to house the current facility.

MR. SUTKIN: Right.

SENATOR SCUTARI: Why? Why are we moving?

MR. SUTKIN: We were on a month-to-month lease.

SENATOR SCUTARI: In Atlantic City?

MR. SUTKIN: In Atlantic City.

SENATOR SCUTARI: And is the site not satisfactory for the Parole Board? Why is Galloway a better location?

MR. SUTKIN: Galloway was within the catchment area, and they submitted a bid, as they were entitled to do.

MR. CONNERY: One of the problems we had in Atlantic City is, we're in a multi-story building, which Parole was concerned about. In fact, in our bid requirement, we required that we be on a one-story site. Parole could probably address it better, but it has to do with difficulties that they have with respect to security and keeping their staff safe. And the one-floor concept was very important to them.

MR. SUTKIN: Parole is represented here in case you have any specific questions.

SENATOR SCUTARI: If they could come up, I'd love to ask them a couple of questions.

MR. SUTKIN: Sure.

MR. MacCALUS: Please state your name.

CAPTAIN DEBRA A. ALT: Captain Debra Alt.

Thank you.

SENATOR SCUTARI: Hi, Captain. Why do you want to move?

CAPTAIN ALT: Well, we're on a month-to-month in Atlantic City. The lease is up there. We put out the RFP, and we only-- We broadened our scope out of Atlantic City to four or five other towns. The only two that were feasible were Pleasantville and Galloway.

We don't want to move out of Atlantic City, but we picked the -- we got what we got. We prefer to be in Atlantic City. But right now, actually, our clientele is moving, how they say, "offshore." So it kind of suits us and the clientele that we be not in Atlantic City anymore.

The space, currently -- as the gentleman said -- two stories is not really good for us. We're on the second and third floor in our current office space. We have security and logistical concerns with being law enforcement. We're making arrests, we're escorting prisoners, we're trying to secure our clerical area separate from our officer area and offender area. We have to take urine tests. We have special needs with regards to sex offenders, and counseling, and privacy, and law enforcement equipment, contraband, securing radios, and flashlight chargers, and lockers, and stuff like that. So the current situation is really not ideal for us. It's not the fact that it's Atlantic City though.

SENATOR SCUTARI: This is going to be a long-term relationship. I mean, they're not going to build you a building for two years. Obviously, that's the purpose of the 10-year lease. Did you explore the possibility of the State doing it themselves rather than having the building built to suit your needs?

MR. SUTKIN: No, not in this case. I don't recall that we did.

SENATOR SCUTARI: I mean, I would estimate you're probably going to be there for a long, long time. The Parole Board is not going to go out of business.

CAPTAIN ALT: Right.

SENATOR SCUTARI: It seems like a growth industry.

CAPTAIN ALT: Yes, we are expanding.

SENATOR SCUTARI: Is there any reason why that would be outside of the realm of possibility?

MR. SUTKIN: Well, it's not outside the realm of possibility. I would suspect that NIMBY issues would be heightened once the State announced it was building the Parole Board in Galloway Township over and above a 10-year lease. That's my experience in these types of things.

SENATOR SCUTARI: Well, it's still going to be there. It's just, it's going to be less publicized if it's-- If they build a building and we're the leased occupant rather than we start to build a building and it's for our specific purposes.

Assemblyman.

ASSEMBLYMAN CONNERS: I guess I'm just curious. The people who are on parole -- where are most of them coming from? And the reason I ask -- I mean, are there more from Atlantic City or Pleasantville? Is there any way of--

CAPTAIN ALT: Quite honestly, I don't have that breakdown with me. We cover Atlantic County and southern Ocean County.

ASSEMBLYMAN CONNERS: Okay.

CAPTAIN ALT: But I don't know the breakdown of offenders and their municipalities.

MR. CONNERY: Just so you're aware, we typically encourage the agencies to expand their catchment area where they legitimately can. Because our function is to really try to encourage as much competition as possible. In this case, Atlantic City just couldn't compete. We do have a very favorable rate in Galloway, fortunately.

ASSEMBLYMAN CONNERS: So you're really leaving there because it isn't practical. It doesn't-- How long have you been there in the current facility?

CAPTAIN ALT: Twelve years.

ASSEMBLYMAN CONNERS: Twelve years.

CAPTAIN ALT: Yes. And the spot that we're focusing on now is on a main road, it's accessible to public transportation, it's more central than Atlantic City was. It has some pros. It's within decent proximity to the county jail. Those are the things we consider when we look at a spot for our staff, and our function, and our offenders.

ASSEMBLYMAN CONNERS: And the Chairman -- I think the Chairman mentioned earlier how difficult the nature of what you do and, I guess, finding locations. Do the people in Galloway -- does everyone understand? When an RFP goes out like this, do they understand what's happening?

CAPTAIN ALT: I'm assuming there's a local approval process for the landlord to deal with or the builder to deal with. We haven't gotten involved in that as an agency.

ASSEMBLYMAN CONNERS: All right.

Thanks, Chairman.

SENATOR SCUTARI: You're not under the gun to move out of this building, at this point. You're on a month-to-month lease.

MR. CONNERY: Since November of 2007 we're on a month-to-month.

SENATOR SCUTARI: You've been month-to-month for a year now -- over a year.

MR. CONNERY: Yes.

SENATOR SCUTARI: What was the last lease term in the building that the Parole Board is in, in Atlantic City?

MR. CONNERY: I don't have that offhand. I would suspect that was a 10-year lease.

SENATOR SCUTARI: So they've been there for quite a while in that same location.

MR. CONNERY: Yes.

SENATOR SCUTARI: I'm going to ask that the matter be held for further discussion on 4048 -- I'm sorry, I misspoke -- 4621. You've been month-to-month for a little while. It's not going to make any difference for another couple of months, I assume, while I consider some other options.

CAPTAIN ALT: No, the concern for us is, as an agency, that we're expanding. And our -- not only the number of officers and offenders that are in the current space, but the needs as they change when we develop into a different kind of agency with regard to the law enforcement, and the sex offenders, and the security concerns that-- We're trying to develop into an agency that is more -- to develop into office space that is more suited for our needs.

SENATOR SCUTARI: Clearly, you believe you've outgrown the current location and that it would be better to move, at some point, to a better location that's more tailor made for your needs.

CAPTAIN ALT: Precisely.

SENATOR SCUTARI: I understand that position. But, no, we're going to hold that agenda for now.

The next item.

MR. SUTKIN: Yes, Senator, the next item on the agenda is NPL 4048. It's an extension of an existing lease for the Department of Education. It is a lease that we renegotiated the term got a cost-savings for that lease. We submit it for approval.

SENATOR SCUTARI: Okay. Members, any questions on 4048? (no response)

I'll entertain a motion and second.

ASSEMBLYMAN CONNERS: Move it.

DEPUTY TREASURER BELL: Second.

MR. MacCALUS: For the Department of Education, 4048; Senator Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Connors.

ASSEMBLYMAN CONNERS: Yes.

MR. MacCALUS: And Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. MacCALUS: Okay. That has passed.

MR. SUTKIN: The next two items were put together by Mr. MacCalus for the consent agenda. Item Nos. 11 and 12 are the same address: 3635 Quakerbridge Road, in Hamilton. These are the leases I referenced earlier on in my preliminary comments. These two needs, within the near future, are going to be relocated to a lease space in Trenton where we've moved another DCF. We've consolidated them. The net savings that will result, ultimately, from these lease consolidations is the net of a million dollars savings to the central rent budget. But this is two years, with an

allowance to get out within a 60-day notice -- 90 days notice. And we submit it for approval.

SENATOR SCUTARI: Any questions? (no response)

Can I have a motion?

ASSEMBLYMAN CONNERS: Move it.

DEPUTY TREASURER BELL: Second.

SENATOR SCUTARI: Roll call.

MR. MacCALUS: For the approval of consent agenda No. 2, which contains NPL 3735 and 3914; Senator Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Connors.

ASSEMBLYMAN CONNERS: Yes.

MR. MacCALUS: And Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. MacCALUS: It's been approved.

SENATOR SCUTARI: Okay. Next item.

MR. SUTKIN: The next item on the agenda is NPL 4370. It's a Department of Labor, Division of Workers' Compensation lease for the Workers' Compensation Court. They are presently located in Atlantic County, in the County Court House. And we're continuing that presence and an additional 6,000 square feet for increased need, after we negotiated the term and the dollars with the county. It's a total of 6,000 additional square feet.

MR. CONNERY: It's not additional.

MR. SUTKIN: The total is 6,000, I'm sorry. And it's a five-year term with one five-year renewal option.

SENATOR SCUTARI: This is in the Atlantic County Court House?

MR. SUTKIN: Yes.

SENATOR SCUTARI: And they're going to add the comp judge down there. You need more space for the comp judge.

MR. SUTKIN: And associated staff.

SENATOR SCUTARI: Court room, chambers.

MR. SUTKIN: Waiting area, etc.

SENATOR SCUTARI: Any questions? (no response)

Can I have a motion?

ASSEMBLYMAN CONNERS: Move it.

DEPUTY TREASURER BELL: Second.

SENATOR SCUTARI: Roll call.

MR. MacCALUS: Senator Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Connors.

ASSEMBLYMAN CONNERS: Yes.

MR. MacCALUS: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. MacCALUS: It's passed.

SENATOR SCUTARI: Next agenda item.

MR. SUTKIN: The next item is on the consent agenda for -- I think 14 and 15 are combined.

MR. MacCALUS: Right.

MR. SUTKIN: And both of these leases are for the Department of Transportation's Motor Vehicle Commission. The first one

is one that we were able to negotiate directly. It is a specialized facility. It's an inspection facility. And it's been negotiated for an additional five-year term. It's located in Plainfield.

SENATOR SCUTARI: And the other one is in Wallington, correct?

MR. SUTKIN: Right.

Should I move on to the short discussion of that one?

SENATOR SCUTARI: Sure, please.

MR. SUTKIN: Okay. That one is not an inspection station, but more of a typical agency type of operation. And we are extending the lease term because we were able to negotiate better terms. And in the long run, Motor Vehicle is still looking at their plans for constructing a facility in Lodi.

We have a representative from Motor Vehicle here. We're also the contracting agency for Motor Vehicle, so we've been involved in some of their new construction projects. I think it was in the news. They just opened a facility in Freehold, one in Flemington, one just went out to bid -- I can't remember where, it might have been Rahway -- and there's another one. So there's a somewhat robust construction program through the Motor Vehicle Commission.

SENATOR SCUTARI: And those are for all these facilities, the ones you had spoken about?

MR. SUTKIN: Just now, yes.

SENATOR SCUTARI: Because we're not going to go out of the Motor Vehicle business. But from what I've been told, the business of

Motor Vehicle may change as technology evolves. And they may need more or less space.

MR. SUTKIN: Right. In the case of the inspection station, I don't know what the long-term commitment is. It might be a long-term commitment to inspection, maybe not, maybe prioritize. And in the event -- in the case of agency, everybody knows we're moving more towards IT. I don't know how many people go in to do their ordinary business in a Motor Vehicle's station. There's still a presence. But that could move, in the future, up or down.

SENATOR SCUTARI: Understood.

Any questions on this?

ASSEMBLYMAN CONNERS: Just out of curiosity--

SENATOR SCUTARI: Assemblyman.

ASSEMBLYMAN CONNERS: Thank you, Chairman.

Of course I'm supporting this. But when you say *better terms*, what are better terms?

MR. SUTKIN: We can describe them specifically.

MR. CONNERY: In the Wallington -- that was actually a renegotiation with a cost savings. The inspection station was not. In Wallington, we reduced the rate slightly. Really what our goal was, was to extend this for a period of time so that Motor Vehicle could construct their new facility in Lodi, which, as I understand, is supposed to go out to bid sometime early next year. But that was really our motivation -- was to keep them up and operating until this new site was built. But in the course of doing that, we did negotiate a slightly lower rate in the rent, and we required the landlord to upgrade the HVAC system.

ASSEMBLYMAN CONNERS: Just out of curiosity, could you be more specific about the rent you said.

MR. CONNERY: The rent was rather minor. It was \$0.27 a square foot. It's an annual savings of a little over a thousand dollars. It's a small agency. It was a concession the landlord didn't want to make, but we sort of forced it on him.

ASSEMBLYMAN CONNERS: Thank you.

MR. SUTKIN: And the unseen additional cost savings is if we did put it out for advertisement, not having to move, not having to get new furniture, not having to get new partitions, etc.

MR. CONNERY: For a short-term need like this, to go out to bid and have a new site reconstructed is extremely costly.

ASSEMBLYMAN CONNERS: Move it, Chairman.

SENATOR SCUTARI: Okay.

DEPUTY TREASURER BELL: Second.

SENATOR SCUTARI: Roll call on the Motor Vehicle.

MR. MacCALUS: Senator Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Connors.

ASSEMBLYMAN CONNERS: Yes.

MR. MacCALUS: And Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. MacCALUS: Both of those, lease number -- or NPL No. 1125 and 4389 have passed.

MR. SUTKIN: The next three items are related, and have been joined in consent agenda No. 4 by Mr. MacCalus.

The first one-- They're all related also, agency-wise. They're all tied to the DCF DYFS initiative. This is the counsel, the lawyers who represent either the family members or the children. But there are a lot of lawyers on a lot of sides in DCF. So they all have to be separate and have their own space.

The first one is 3918. It's the Office of the Public Defender, Trial Group, Law Guardian. This is a two-year extension, and it's awaiting some consolidation efforts that are going on in Camden right now. So this is just a two-year extension to keep them where they are.

No. 17 is 4369. It's an amendment for some additional space for the Office of the Public Defender, Law Guardian, in Atlantic City; and it's 1,200 square feet for five new employees. And the term expires April 30, 2010, so it's not long-term.

And No. 18 is, similarly, an amendment for the Office of the Public Defender -- NPL 4541 -- for the Office of Parental Representation. And this was a cost-savings, and it's a two-year term expiring October 31, 2010.

MR. MacCALUS: These will be relocated to Camden?

MR. SUTKIN: Pardon me?

MR. MacCALUS: These will be relocated to Camden, did you say?

MR. SUTKIN: Possibly. It depends on some other events that are being discussed. Not all of them -- the one in Atlantic City-- The first one has the potential.

ASSEMBLYMAN CONNERS: So moved.

DEPUTY TREASURER BELL: Second.

MR. MacCALUS: Okay. To approve, as recommended, consent agenda No. 4, including NPL 3918; NPL 3469 (*sic*); and NPL 4541, Amendment 1; Senator Scutari.

SENATOR SCUTARI: I think it's 4369.

MR. MacCALUS: Yes, 4369. I'm sorry.

Yes.

Assemblyman Conners.

ASSEMBLYMAN CONNERS: Yes.

MR. MacCALUS: And Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. MacCALUS: They have all been approved.

MR. SUTKIN: I'll just touch generally on the last three items, and then I will speak about it specifically. They concern the three magnet office buildings within the City of Trenton. These have resulted in very favorable rates, not to say that all the other ones don't have favorable rates. (laughter) But these have-- They were very difficult and long negotiations, and have resulted in some significant cost savings in the short run for the State -- which we're still negotiating whether it's going to be a cash payment or deferred rental payments.

But just with that background, I'm going to let Mr. Connery speak to some of the details.

MR. CONNERY: Briefly, some of the terms and conditions have changed in what was presented to you, because we have -- in order to try to get you these materials as quickly as we could, we wanted to get it on paper. But we have continued negotiations, in some cases, with these

landlords to try to improve our positions. And in some cases, we've been very successful.

Briefly, I'll go through it. Number 19, NPL 3949, is for a 10-year lease in a building located at 210 South Broad Street. This is an office building located in close proximity to the courthouse in Mercer County. It houses the courts, houses the Juvenile Services Office, Parole, Public Defender, and other court-related entities. What the landlord is prepared to do, in exchange for a 10-year lease, is to reduce our rent by \$0.25 a square foot, level for the entire 10 years. Additionally, he's agreed to -- once the lease is executed, which would be less than a year from now, he's going to either make a cash payment or rent abatement of \$896,000 and some change on top of that. In addition, the landlord has proposed one five-year option in which he'll further reduce the rent by a small amount so that we'll have the flexibility to continue in this lease if we choose to. In addition, he's offered, if we exercise that option at that time, an additional \$150,000 in tenant improvement costs.

MR. MacCALUS: Are the owners of 28 and 50 the same?

MR. CONNERY: I'm sorry. I was referring to NPL 3949, which is separate from-- You're right, 28 and 50 are the same. But right now I'm speaking about 210 South Broad.

MR. MacCALUS: Okay.

SENATOR SCUTARI: How much space do we own in Trenton versus how much we lease in Trenton? We have a lot. Obviously, we don't lease the State House. We own this. But we lease a lot of space down here.

MR. SUTKIN: But we own a lot of space.

SENATOR SCUTARI: Besides the State House, can you give me a few examples of what we own down here?

MR. SUTKIN: Some of it's debt service, but I'll say that's owned for our purpose.

SENATOR SCUTARI: Right. I mean, that's like owning with a mortgage.

MR. SUTKIN: The MVC building, which we call the *TOC* building.

SENATOR SCUTARI: Which you call the what?

MR. SUTKIN: *TOC*.

MR. CAMPANELLA: Trenton Office Complex.

MR. SUTKIN: Trenton Office Complex. That's owned.

DEPUTY TREASURER BELL: Capital Place One.

MR. SUTKIN: Capital Place One is a debt service building.

DEPUTY TREASURER BELL: The Health and Ag building.

MR. SUTKIN: The Labor building, Hughes Justice Complex, is owned.

DEPUTY TREASURER BELL: The Justice Complex.

MR. SUTKIN: 225, where the Secretary of State's offices are -- that's owned -- 225 West State Street; 135 Hanover, right across the street, is owned.

MR. CAMPANELLA: State Office Building at 135 West Hanover.

MR. SUTKIN: Carroll Street.

MR. CAMPANELLA: 401 East State, which is the DEP headquarters across from the Federal courthouse.

SENATOR SCUTARI: That was the most recent one built, correct?

MR. CAMPANELLA: Well, Trenton Office Complex would be. 20 West State is owned.

MR. SUTKIN: The Roebling Building, 20 West State.

SENATOR SCUTARI: These three matters: How much is the combined lease space that we're going to take on for the next 10 years for these three agenda items?

MR. CONNERY: This is 58,000 square feet. The other two combined are, I believe, 246,000 square feet for 28 West State and--

MR. CAMPANELLA: So 300,000 roughly.

SENATOR SCUTARI: How big is that? How many floors of a building is that?

MR. MacCALUS: This building is 150,000 square feet.

SENATOR SCUTARI: That's twice the size of this building. That's a lot of space.

Have you guys given any thought to maybe we need to own some more stuff down here, down the line?

MR. SUTKIN: There are a lot of considerations. I mean, the option-- And one of the things we consider also is the consequence of leaving these privately built buildings, which were built at the State's behest, albeit decades ago--

DEPUTY TREASURER BELL: It may be worth pointing out that we actually do have purchase options on two other buildings -- major buildings -- in Trenton, 50 and 33.

MR. CAMPANELLA: 33 West State.

DEPUTY TREASURER BELL: Which are significant buildings, I think larger than what we're talking about here. So there's ownership potential for additional space if the State so determined it was appropriate. I do think we have a fair amount of owned space in Trenton, and we have a fair amount of leased space. Some of the leased space we would want the flexibility, as potentially staffing numbers change, to be able to shed and consolidated into owned and long-term leased locations.

These two -- or these three properties were deemed to be what we call *magnet* buildings, which are strategically occupied, located properties where a long-term lease seemed prudent. And the cost that we were able to derive -- I think we were talking about, in the near term, an immediate \$3.5 million between this year and the next fiscal year in reductions in cost, and then ongoing reductions in cost.

So I don't know if that kind of-- I think your question is: Do we have the right balance of ownership and leased space in Trenton? And I think we do. I think for those properties that are very strategic or special-purpose in nature, like the Health facility that's being built-- I mean, those kinds of properties are, in fact, being constructed by either the Building Authority or EDA.

SENATOR SCUTARI: Thank you. That's helpful.

MR. MacCALUS: If I could just comment. Several years ago there used to be an urban renewal executive order that could direct State buildings into Newark, Camden, Trenton. And I believe it was used as an initiative, both Democrat and Republican, for several years during the -- I guess it was the '80s -- '70s and '80s. And it was just recently that it was found it was not necessary to do that because we had already done it. So

that's how we ended up with a lot of real estate that was built for us in Camden, Trenton, Newark.

SENATOR SCUTARI: Okay. Thank you for that.

MR. MacCALUS: Sure.

SENATOR SCUTARI: Any questions? (no response)

Do we have a motion?

ASSEMBLYMAN CONNERS: Move it.

DEPUTY TREASURER BELL: Second.

MR. MacCALUS: Okay. Senator Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Connors.

ASSEMBLYMAN CONNERS: We're moving all three?

MR. MacCALUS: Pardon me?

ASSEMBLYMAN CONNERS: We're consolidating these?

MR. MacCALUS: Yes, I'm sorry.

We're moving NPL 3949, NPL 3966, and NPL 3985.

Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. MacCALUS: Okay. They have passed.

SENATOR SCUTARI: Before we conclude, can I just have one--

DEPUTY TREASURER BELL: We actually have agency presentations.

SENATOR SCUTARI: Okay. Good.

MR. SUTKIN: Can I just interrupt? And I promise it will just take a minute.

SENATOR SCUTARI: Sure, please.

MR. SUTKIN: I just want to be abundantly clear for the record -- and this is for the future when we meet. It's a long term -- it wasn't in the agenda, but we did include a five-year renewal on the 210 South Broad. Chuck mentioned it. But I just want you to know that when you're voting on this, you're also voting on what we proposed, plus the 10-year (*sic*) renewal, which has actually cheaper rates than the first 10 years--

MR. CONNERY: Five-year.

MR. SUTKIN: --on the 210 South Broad. So your approval is sort of telling whoever is presenting these 10 years from now -- and I hope it's not me (laughter) -- this was already approved by the Committee.

SENATOR SCUTARI: Understood.

MR. SUTKIN: So that's included.

MR. MacCALUS: Okay.

SENATOR SCUTARI: You can set up for the presentation. I just want to take a moment.

MR. SUTKIN: Okay.

MR. MacCALUS: Is Steve Sagnip--

Are you going to be assisting or explaining?

S T E V E N S A G N I P: Yes, sir.

MR. MacCALUS: Okay, Steven, can you state your name, and title, and all that for the record?

MR. SAGNIP: Yes. My name is Steve Sagnip.

Good afternoon, Senator Scutari, Assemblyman Connors, Deputy Treasurer Bell.

As I mentioned, my name is Steve Sagnip, and I work for the Office of Management and Budget, in the financial reporting section. I would like to present to you a brief historical background of the space utilization initiative, whose members include the Department of the Treasury's Office of the State Treasurer, the Office of Management and Budget, the Division of Property Management and Construction, and the Office of Treasury Technology.

I'm also going to talk about the creation of the statewide Land and Building Asset Management System, which has become the repository of the space utilization data.

As a result of the implementation of the General Accounting Standards Board, GASB, for regulation in 2003, the Office of Management and Budget, and the Office of Legislative Services' State Auditor's Office identified an issue with the reporting of the State's capital assets on the comprehensive annual financial statements, or the CAFRA. The fact was that the State lacked a central repository of land and building ownership and the capital expenditures associated with the acquisition or improvement of these assets.

I was charged with the responsibility of identifying and correcting this issue. In short, I found that numerous legacy systems were in use throughout the agencies from paper files to spread sheets. Our solution involved inviting six agencies to design a new capital asset reporting system, which would be fully funded by OMB. The intent was to design a system that agencies would use, thereby forgoing their internal inventory systems which have contributed to the capital asset reporting issue.

We call the new system the Statewide Land and Building Asset Management System, or LBAM. It is an inventory facility management system with a backbone based on accounting principles and GASB regulations. LBAM was implemented over a four-year period from 2004 through 2008. It involved mandating the agencies to perform the physical statewide inventory of all land and buildings, and updating the building assets -- their assets -- in LBAM.

The land inventory was completed in November 2006. The building inventory was completed only a few weeks ago. All agencies are required to use LBAM, under enforcement of an OMB circular letter. And the system is the official record of the State's capital assets, which include land, building, and capital improvements.

In addition, the system includes an archived record-keeping module which allows the agencies to store images, documents related to their assets, and subsequently eliminates the need to store volumes of paper. It interfaces with the Department of Environmental Protection's GIS system, which allows each department to GIS code State-owned and leased buildings; and store an area photograph of the building in LBAM; and retrieve additional data about the surrounding area such as wetlands, and contamination issues, etc.

Data from the system has been used by various State and Federal agencies, including the Federal Emergency Management Authority, FEMA; and Homeland Security. After receiving our data, representatives from FEMA complimented the State on its inventory of land and buildings, indicating that our records were the most comprehensive in the country.

In November of 2006, the Office of Management and Budget, at the request of the Treasurer's Office, incorporated into LBAM a space utilization module designed to report employee counts and work floor layouts, for the immediate need of assisting departments with space utilization presentations for the Committee.

OTT and OMB designed the module with an emphasis on a methodology that would enable Treasury to develop a real estate portfolio based on reuse and space planning, ultimately leading to savings through more effective use of existing State-owned facilities, and the elimination or avoiding of leases.

Every building that the State owns, leases, or licenses is in LBAM. Each agency is responsible for maintaining their own data in LBAM. For the space utilization initiative, the agency enters their program, square footage, employees -- both State and contractual -- and the number of occupied and unoccupied offices and workstations. In addition, the agency must enter support work areas such as conference, storage, or evidence rooms.

Our validation methodology of the data entry by the agency: OMB compares the agency employee counts to payroll system check counts. We divide the program's square footage by the number of employees and compare it to the DPMC metric of 200-square feet per person. And we also look for vacant work areas.

Since 2006, State positions have been reduced by 4,700. With the past few years of hiring freezes, attrition, and early retirement initiatives, we expect to see increasing work areas throughout the state. As an interim report, here are some preliminary statistics from LBAM. Please

note that the entering of data into LBAM is an ongoing process and subject to update. The agency presentations and integration of LBAM into the budget process ensures a constant updating of agency data.

Regarding land, the State owns approximately 839,474 acres in land and easements, and we've invested over \$4.3 billion in land assets. Regarding buildings, the State has an approximation of the total of 5,158 buildings, with a total square footage of 48.3 million square feet. We've identified that there are 387 leased buildings in LBAM, with a total square footage of 16.1 million square feet. Please note that *leased buildings* does not mean *leases*, as a single lease may contain multiple office buildings, or a building may have multiple uses. There are 4,771 State-owned buildings, and the total of that square footage is 32.2 million square feet. The total capital investment in buildings and improvements--

SENATOR SCUTARI: What was that? Can you say that again?

MR. SAGNIP: There are 4,771 State-owned buildings, and the total square footage is 32.2 million square feet.

The State total capital asset in buildings and improvements is \$2.9 billion.

At the conclusion of today's meeting, seven agencies will have made their presentations to the Committee. There are at least eight remaining presentations. And Judiciary has expressed an interest in also presenting their space plans.

This has been a challenging process. We've had to redesign the data collection process while providing extensive technical support to the

agencies. Today's presenting agencies will have, combined, 968 buildings, which they will demonstrate the difficulties in performing a space analysis.

The universal metric of 200 square feet is not always feasible or even possible when an operation has special needs and/or are under Federal, State, or court-ordered mandates. Furthermore, reviewing 968 buildings for two departments is clearly a monumental task. Still, the space utilization initiative has thus far enjoyed the cooperation of all the agencies. The team feels it is premature to draw general conclusions, and it would be inappropriate at this time to make conclusions beyond the presenting agency data until all the departments have presented and the team has had the opportunity to review the data in LBAM.

The final presentation by Treasury will also include a statewide analysis.

The team looks forward to future presentations and continued cooperative efforts between the Committee and the team. And if you don't have any questions, we'll proceed with the Department of Human Services' Diane Zompa.

ASSEMBLYMAN CONNERS: Thank you.

MR. MacCALUS: Could you please state your name and title for the record, please?

D I A N E M. Z O M P A: Yes. I am Diane Zompa. I'm the Chief of Staff for the Department of Human Services.

Thank you for the opportunity to appear here today and offer testimony on behalf of the Department of Human Services.

I'm representing Jennifer Velez, Commissioner of the Department of Human Services. Commissioner Velez conveys her

assurances that our Department is committed to effective, long-term space utilization planning and analysis.

With me are John Shovlin, Director of the Department of Human Services' Facilities Management; and Missy Balmir, Assistant Commissioner of Operations.

I'd like to acknowledge at the outset of my testimony that we have fully reconciled with the LBAM data, with payroll numbers specific to our institutions and leased facilities, within the 2 percent variation required for OMB certification. One factor to consider in entering data for our institutional facilities into the LBAM is their size, variety, and complexity, as buildings house both administrative offices and space for client services in many different configurations. Standard office space utilization guidelines therefore do not always apply to the specific occupancies, such as developmental centers and State hospitals.

Although the Department was divided, separating the Department of Human Services from the Department of Children and Families almost 24 months ago, with approximately 18,000 employees -- that's our full-time and part-time employees -- our Department remains the largest in State government. We serve more than 1.5 million people, or close to 20 percent of the state's population, every day through services we provide directly or via contracts with provider agencies across the state.

Since our last testimony before you, we have been continuously managing our space needs within our existing allocations. We have a mechanism in place to conduct painstaking analysis of each space planning request that comes our way from our various divisions before it is submitted to the Division of Property Management and Construction for Treasury

review. The new space we have leased over the past few years has almost always been acquired to accommodate the moves resulting from the implementation of the Child Welfare Reform Plan, in collaboration with the Department of Children and Families.

Otherwise, we have sought new leases only when necessary to replace an expiring lease or to relocate offices to address verifiable environmental, safety, health, or other concerns. In short, we only request new leases when they are required operationally, including the one that was recently approved by this commission. In all of our endeavors, we have worked closely with Treasury's Division of Property Management and Construction to optimize the use of existing State-owned and leased space. And we've had success.

Over the past years, even with the efforts to accommodate Child Welfare Reform space needs, we have managed to stabilize our lease commitments for Fiscal Year 2009 to within \$50,000 of our Fiscal 2008 amount of \$12 million spent on leased space. This is achieved despite additional expenses projected to accommodate adjustments to existing leases, and relocations to new leases costing more: at Cherry Hill, an additional \$250,000; and Gateway Hamilton, an additional \$90,000. We have accomplished this by consolidating and relocating our operations within the existing leased spaces. This, in turn, has allowed us to alleviate overcrowding in a number of our divisions without new commitments.

We have vacated two leases in 2008 and relocated the staff to two new leases. The first lease expired in February 2008. It was in West Windsor Township, Carnegie Center, from where we moved 150 employees of the Developmental Disabilities Division Central Office to a new lease in

Hamilton Township. The second was in Camden, from where we moved 60 employees of the Commission for the Blind and Visually Impaired to a new lease in Cherry Hill. Additionally, department auditors in our Northern Regional Office have recently relocated to our Greenbrook Developmental Center -- to an existing lease of 2,500 square feet, vacated by the Department of Children and Families, in Somerville. And, again, departmental auditors from the Southern Regional Office in Ancora Psychiatric Hospital to our Vineland Developmental Center, to vacate 5,000 square feet for the anticipated growth in response to the Olmsted lawsuit.

Additionally, we were able to make parking spaces available for State vehicles used by the Department of Children and Families staff on grounds at Woodbridge Developmental Center. And DCF staff can now have safe, ready access to their cars at no additional cost.

With regard to the old Greystone Hospital property, Treasury is making arrangements for its disposal now, as patients have been moved to the new hospital building which they occupied in January of 2008.

Whenever we review the Department of Human Services' space needs, we begin by taking into account the nature of our services; and the specific accessibility, physical, emotional, and income needs and characteristics of the people we serve. We are aware of the fact that the services we provide are most effective if the recipients can access them in their local communities. It is also especially helpful for many of our recipients if they can reach our services by public transportation or by foot. In the Division of Developmental Disabilities, like DYFS, case managers are

assigned caseloads by regional catchment area for ease of access to individuals with developmental disabilities and their families.

We are also committed to the Governor's goals of being prudent fiscal managers of the space we currently lease and own, as well as aggressive pursuers of stable, cost-effective solutions for all of our ongoing and future operational needs.

Let me give you a more detailed overview of the breadth and scope of the Department's current space utilization commitments.

DHS operates 13 State-owned facilities. These include seven developmental centers and five psychiatric hospitals, which altogether have nearly 5.25 million square feet and more than 600 building structures; as well as one building, Capital Place One, at 222 South Warren State, in Trenton, which is the Department's central headquarters. The seven developmental centers provide residential space for approximately, in today's figures, 2,870 individuals who are served on-site by over 9,000 employees. The five psychiatric hospitals provide residential space for, again, a current figure of 2,062 individuals who are served on-site by approximately 5,500 employees. Capital Place One houses the Department's Division of Management and Budget, Human Services' Police communications center, and our Division of Deaf and Hard of Hearing, and our Disability Services. Since July 2006, the DCF headquarters is also located in Capital Place One.

You will note from the Department's LBAM summary that there may be opportunities to reconfigure this space at this site to accommodate additional staff and retire or vacate one additional lease.

Working with Treasury, we have identified a potential candidate for this effort that may enable us to retire a lease that expires in Fiscal 2010.

In addition to the State-owned facilities, the Department has 27 leases totaling 646,000 square feet. The Department operates 40 additional offices in these leased spaces. These spaces provide administration and program workspace for approximately 2,739 staff plus consultants, at an average of 235 square feet per person. The State guideline is 200 square feet per person, and we are working closely with DPMC to get to or below these specifications. The average cost for lease space is \$19.50 per square foot, which is below the State average.

Two of the 27 leases are month-to-month. That will continue until replaced by consolidations or new, long-term leases. Eight are term leases. And the remaining 17 are multi-department leases. One lease at West Orange will be vacated in mid-2009 to a new lease at Plainfield.

In 2008, the Department of Human Services implemented three new, long-term leases to replace the space provided by DCF for its Child Welfare Reform Plan. The first was in March 2008, when the Commission for the Blind and Visually Impaired staff relocated from Camden to Cherry Hill. The second, also in March of 2008, is in Hamilton, when the Division of Developmental Disabilities' Central Office Staff relocated from Carnegie Center, in Princeton, to Hamilton. The third lease was a small, 670-square-foot building in Browns Mills, which houses a vocational outreach center under the auspices of the Division of Developmental Disabilities. This last lease was triggered to comply with the Olmstead lawsuit and Department of Justice requirements for community transition.

Recently the auditors from the Northern Regional field office have relocated to an existing lease of 2,000 square feet, vacated by the Department of Children and Families, to make space for the anticipated expansion of the Division of Developmental Disabilities in the Greenbrook Developmental Center. Due to its community transition obligations under the Olmstead lawsuit, the Division of Developmental Disabilities needs to relocate its Upper Central Regional Office at 59 West Main Street, in West Orange, to Plainfield. The new lease will allow the Division to accommodate Olmstead-related staff expansion, for which there is insufficient space at the current site. The new lease was approved at the last meeting.

Thank you.

We have worked closely with Treasury to assure that this new lease allows sufficient space -- 14,000 square feet for staff expansion -- without committing to a footprint larger than needed.

The Department of Human Services is looking at relocating offices, wherever feasible, to its institutional grounds. The Division of Developmental Disabilities is potentially considering relocating its Union Township Regional Office to the Hunterdon Developmental Center Campus, where unused space is expected to be available after residents move to the community setting. This would enable the Department to retire an additional lease. The Division of Mental Health Services also is looking at relocating its Northern Regional Office in Paterson to institutional grounds, and accommodating future central office staff growth at the Trenton Psychiatric Hospital.

Based on the prevailing state of affairs and available information, we expect to be able to accommodate the limited growth we anticipate in the Department's workforce over the next 10 years within the existing lease space, as reflected in our long-range space planning. The only exception would be the space required by our Division of Developmental Disabilities, to meet its obligations to adequately address client transition to community-based living in response to the Olmstead and other court mandates.

This assessment is predicated, in part, on the impact the State's limited hiring and attrition and have had -- have had on our leased space sites, which has created vacant workstations and offices. This has already weighed into our decisions about how best to close and consolidate offices, particularly for the Division of Medical Assistance and Health Services. We have already reduced the number of Medical Assistance Customer Centers offices from 21 to eight, and are considering closing or consolidating two more. Additionally, we have been able to use vacated or vacant space to address overcrowding issues for divisions sharing offices in the same leased location, which otherwise could have prompted a request for more space.

We recognize that the transition from developmental centers and psychiatric hospitals, in which more individuals reside in the community while fewer enter these institutions, offers a unique opportunity to consider the best and most effective utilization of space in our hospitals and developmental centers. This includes the possibility of redirecting their use to administrative and program-related office space needs for the State staff.

Many issues will have some bearing on these decisions, including whether and where space in our institutions can be used to support community-based services and continuing client needs, whether they will help us meet our access and community integration goals, and whether renovating these buildings for new usages would be cost-effective. I want to emphasize that as we continue to make wide-ranging use of the State-owned properties for multiple purposes, it will be critically important to consider the need for ongoing maintenance, repair, and renovation to ensure safety of our clients and employees, and protection of State assets, and avoiding unforeseen expenses in the future.

We know the strategic importance of managing facilities efficiently and space planning to meet future needs. We are not far enough along in our planning for right-sizing our institutional systems to be much more specific about future space prospects related to these initiatives. I want to assure you, however, that as we plan for the future, we will continue to apply the same principles that we have been applying so far to make the best use, at the least cost, of State-leased or State-owned space. We know this is your goal, and we applaud you for taking leadership in this area.

In closing, we commit that the Department of Human Services will continue to make efficient space planning and management a priority for every division and unit within our Department; undertake regular physical audits of vacant leased or State-owned space; determine whether we can meet requests for leased space within the existing or State-owned resources before any other consideration; collaborate with the Treasury and other departments in any space-sharing or consolidation efforts; assess the

storage needs and file retention schedules to determine whether we are using expensive leased space to house file storage/archives rather than employees. We intend to explore new technologies such as electronic storage of data, by scanning to reduce the space used for file cabinets and file storage; whenever possible, consider adopting new seating standards in order to reduce standard systems furniture, and add more cubicles, and avoid the need for additional leased space; reconfigure office space used by field staff in order to maximize the amount of space available for incoming, nonfield employees when there is growth and expansion.

Thank you.

I will be happy to answer any questions you may have.

ASSEMBLYMAN CONNERS: I'm just curious about-- You did mention Vineland -- Ancora and Vineland. When you talk about Vineland, is that area -- I'm thinking of Landis and Main Road, or whatever it is. Is that that big area in there?

JOHN SHOVLIN: There's an East and West Campus.

ASSEMBLYMAN CONNERS: Is that what that is? It seems like -- I wasn't a patient (laughter), but I was there many, many -- maybe I should be -- I was there many years ago.

And I was also -- not that it has to do-- I guess it has to do with space -- is the ratio of people you need to support people that you're caring for. The numbers are dramatic.

MS. ZOMPA: Yes.

ASSEMBLYMAN CONNERS: And do any of those people who care for those people -- do they live on-site, or are they all -- they just come in on their shift, their hours?

MS. ZOMPA: They come in on their shift.

ASSEMBLYMAN CONNERS: And the one you had mentioned -- there were 2,200 people.

MS. ZOMPA: That's in our mental health--

ASSEMBLYMAN CONNERS: Is that where it is?

MS. ZOMPA: --2,200.

ASSEMBLYMAN CONNERS: Yes, the five psychiatric hospitals.

MS. ZOMPA: The Olmstead lawsuit that I referenced repeatedly--

ASSEMBLYMAN CONNERS: Yes.

MS. ZOMPA: --affects both our psychiatric hospitals and our developmental centers. And the thrust of that is that we are looking to deinstitutionalize, to move our consumers from the institutional setting to community-based settings, and to provide the accommodations and services they would need in the least-restrictive environment.

ASSEMBLYMAN CONNERS: Yes, because Ancora and that Vineland area -- they're remote. They must be difficult. If they have loved ones who want to visit, it has to be -- that's really way out there.

Thank you.

MS. ZOMPA: Sure.

MR. MacCALUS: Any other questions?

ASSEMBLYMAN CONNERS: That's all I have.

MR. MacCALUS: Okay. I guess we'll move on to the Department of Law and Public Safety.

Thank you very much.

Please state your names and titles for the record, please.

C O N S T A N C E M. F L O Y D: Good afternoon.

My name is Connie Floyd. I'm the Director of Support Services for the Department of Law and Public Safety.

M I C H A E L S I M O N E: I'm Michael Simone, Manager of Administrative Services for Law and Public Safety.

M A R I A B E N E D E T T I: Hi, I'm Maria Benedetti, Building Management Services Specialist in the Facilities Management Section of the Office of the Attorney General.

MS. FLOYD: We have a brief PowerPoint presentation. It's about 10 minutes.

Assemblyman Conners, Chairman Scutari, and Deputy Treasure Bell, and members of the Space Utilization Committee, thank you for giving us the opportunity to provide you with an overview of our departmental operations, and discuss the current and future initiatives we are taking to reduce our dependence on leased space.

The Office of the Attorney General is located in the Justice Complex, and has administrative and project management oversight for all Department facility operations.

As of pay period number 18, the Department of Law and Public Safety has a total of 9,159 personnel, housed in 3.1 million square feet of space that is comprised of 89 owned and 85 leased facilities.

The Department of Law and Public Safety's Fiscal Year 2008 rental charges for 85 leased sites from central rent is \$21,191,680, and from direct rent charges it's \$3,317,481.

Current accomplishments and potential lease reductions with Treasury: Since Fiscal Year '06, under Governor Corzine's administration, we have effectively closed eight leased facilities. The Department is in the process of terminating five additional leases to achieve further cost savings. This initiative would effectuate an annual cost savings of \$1.56 million. The Department is currently reviewing with Treasury the feasibility of consolidating existing leased facilities in Newark and in Trenton, which will result in further cost savings and support lease-reduction efforts.

Potential lease reductions in the process with Treasury: merging State Police Hangar at Mercer Airport to DMAVA; relocate Criminal Justice operations from Lawrenceville to existing Treasury space in Trenton;; relocation of Criminal Justice operations from Cherry Hill to existing Treasury space in Trenton; relocation of Criminal Justice operations from Whippany, as part of the consolidation of space in Newark; relocate Civil Rights office in Atlantic City to existing Treasury leased space in Atlantic City.

MR. MacCALUS: Excuse me, what is DMAVA?

MS. FLOYD: It's the Department of Military and Veterans Affairs.

MR. MacCALUS: Got it.

MS. FLOYD: The Justice Complex: Our collaboration with Treasury provided the opportunity to relocate evidence storage to the Treasury warehouse in Hamilton. We are now developing plans for the use of storage and other existing space within the Justice Complex for departmental consolidations, and to merge into the Justice Complex any viable lease space within the Mercer County area set to expire by 2010.

Law and Public Safety facility operations: There are a total of 89 owned facilities. The facilities are comprised of office buildings, labs, patrol stations, warehouses and juvenile detention centers. A total of 89 owned sites are utilized by the following divisions: State Police have 66 sites; Juvenile Justice Commission, 17; Division of Consumer Affairs, 1; Division of Criminal Justice, 4; and Office of the Attorney General, 1.

State Police facilities, primary operations: Division Headquarters, West Trenton; and then the Troop Headquarters: Troop A, in Buena Vista; Troop B, in Totowa; Troop C, in Hamilton; Troop D, Cranbury; and Troop E, in Lincroft.

State Police patrol station purchases: In conjunction with Treasury and EDA, we are initiating the purchases of six leased State Police stations. These stations are: Sussex, Hope, Perryville, Bridgeton, Belmar, and Wilburtha. Once completed, a net annual cost savings of \$550,000 is anticipated.

Juvenile Justice Commission facilities, primary operations: Juvenile medium secure facility, in Bordentown; juvenile reception and assessment center, Bordentown; juvenile female secure center, Bordentown; New Jersey Training School for Boys, in Jamesburg; and Costello Preparatory Academy, in Tabernacle.

Juvenile Justice Commission space overview: JJC operates 24/7 facilities, with three shifts sharing workstations; and a large percentage of staff -- such as custody officers, youth workers, and court liaisons -- report as field personnel. Juvenile Justice Commission space overview: Past offers to reduce leases include the utilization of central office personnel. This was accomplished with the relocation of staff from Hamilton, Trenton, and

Ewing to consolidated facilities located at Spruce Street, in Ewing. Juvenile Justice Commission space overview: The Commission would like to consolidate resources at JJC State-owned facilities in Bordentown and Jamesburg. The capacity exists with several unoccupied buildings at these sites. However, they require significant rehabilitation to ensure the health and safety of employees in the buildings. Capital funding has been requested but is not available for this effort. The Commission continues to research alternative funding from Historic Preservation and the Building Authority. The Commission would also consider hosting other departments at these two facilities to assist in any statewide consolidation efforts. Although the cost to rehabilitate and restore the above facilities may initially be significant, one of the results of the effort would be the relocation of JJC administrative operations currently in Ewing and provide \$498,640 in annual lease savings.

Law and Public Safety: 85 leased facilities. And I won't read them to you, but they're listed here. And I know you have the books with the lists.

The next page is all the owned and leased facilities. And it just shows where all the owned and leased facilities reside.

And that's the end. Are there any questions?

ASSEMBLYMAN CONNERS: I'm just curious, on the State Police facilities--

MS. FLOYD: Yes.

ASSEMBLYMAN CONNERS: I couldn't help looking at the pictures.

MS. FLOYD: Yes.

ASSEMBLYMAN CONNERS: And Troops A through D -- I'm looking at these very large buildings. And when you get to Troop B, it looks like a house. (laughter) And what it is I don't understand?

MS. FLOYD: It probably is.

MR. MacCALUS: Is that the Totowa Headquarters you're referring to, Assemblyman?

ASSEMBLYMAN CONNERS: Lincroft. I was just looking at Lincroft compared to--

SENATOR SCUTARI: It's down near the shore. It's a little beach house.

ASSEMBLYMAN CONNERS: Is that what it is?

MS. FLOYD: This is John Miranda, from State Police Facilities. Hopefully, he can respond to your question.

ASSEMBLYMAN CONNERS: I'm only asking out of curiosity.

J O H N M I R A N D A: It actually is a house.

ASSEMBLYMAN CONNERS: Is it?

MR. MIRANDA: Yes. They moved into that facility under the auspices of building a new headquarters.

ASSEMBLYMAN CONNERS: So they're just there temporarily? Is that--

MR. MIRANDA: Temporarily now, for a couple of years, yes.

ASSEMBLYMAN CONNERS: Okay. That explains-- I just-- You look at -- the other buildings are significant in size.

Thank you.

SENATOR SCUTARI: I don't know if you covered this, I was out. And I apologize. But the new one that you built right around 118,x68x68 off the Parkway -- maybe 115. Down near the Arts Center, there's a new barracks being built.

UNIDENTIFIED SPEAKER: That's the one that is replacing the Lincroft house that he's referring to.

SENATOR SCUTARI: Who is building that?

UNIDENTIFIED SPEAKER: That is the Parkway Authority.

SENATOR SCUTARI: And is that on land that we already owned?

UNIDENTIFIED SPEAKER: I believe that is Parkway property, yes.

SENATOR SCUTARI: So we're going to own that facility.

UNIDENTIFIED SPEAKER: Yes.

SENATOR SCUTARI: Look at that. See.

DEPUTY TREASURER BELL: See, it's happening.

SENATOR SCUTARI: I didn't think we were going out of the State policing business any time soon.

UNIDENTIFIED SPEAKER: We'll do several more with State funding. (laughter)

SENATOR SCUTARI: Okay. Thank you.

Any other questions?

ASSEMBLYMAN CONNERS: No. Thank you.

SENATOR SCUTARI: Is that it? (affirmative responses)

Gees, I just got back.

ASSEMBLYMAN CONNERS: You came back to good news.

SENATOR SCUTARI: That's true.

Okay. We're adjourned.

Thank you.

MR. SUTKIN: (speaking from audience) (indiscernible)

MR. MacCALUS: Somebody wanted to recommend dates.
Steve.

MR. SUTKIN: Yes, we have some proposed dates for the next meeting.

SENATOR SCUTARI: You can recommend any date you want, but I'm going to have to check my calendar. (laughter)

MR. SUTKIN: (indiscernible) (speaking from audience)

SENATOR SCUTARI: And Reed's not here, anyway.

MR. MacCALUS: Yes.

SENATOR SCUTARI: Assemblyman Gusciora is not here.
You can come up and give me the dates.

MR. MacCALUS: Monday, March 16; and the first date is the 18th. So we'll enter them in the mix.

SENATOR SCUTARI: Do I have a motion to adjourn?

ASSEMBLYMAN CONNERS: Motion to adjourn.

MR. MacCALUS: Chairman Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Connors.

ASSEMBLYMAN CONNERS: Yes.

MR. MacCALUS: Deputy Treasurer Bell?

DEPUTY TREASURER BELL: Yes.

MR. MacCALUS: We can go home.

(MEETING CONCLUDED)