
Committee Meeting

of

STATE LEASING AND SPACE UTILIZATION COMMITTEE

LOCATION: Committee Room 15
State House Annex
Trenton, New Jersey

DATE: January 6, 2004
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblywoman Nellie Pou, Chair
Senator Joseph Suliga
David Rousseau
(Representing John E. McCormac)



ALSO PRESENT:

John A. MacCalus
Office of Legislative Services
Committee Aide

Meeting Recorded and Transcribed by
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MR. MacCALUS: The meeting is called to order.

The roll call:

Chairwoman Pou.

ASSEMBLYWOMAN NELLIE POU (Chair): Here.

MR. MacCALUS: Senator Suliga.

SENATOR SULIGA: Here.

MR. MacCALUS: And Treasurer's designee, David Rousseau.

DEPUTY TREASURER ROUSSEAU: Here.

MR. MacCALUS: Okay. We have a quorum.

The notice of this meeting of the State Leasing and Space Utilization Committee was provided to the Secretary of State, the *Courier Post*, the *Star-Ledger*, the *Trenton Times*, and the State House Press on December 31, 2003, in accordance with N.J.S.A.10:4-6 to 10:4-21, also known as the Open Public Meeting Act.

We may proceed.

ASSEMBLYWOMAN POU: Thank you, Mr. MacCalus.

Could we have-- Actually, I need a motion for the approval of the minutes.

SENATOR SULIGA: So moved.

DEPUTY TREASURER ROUSSEAU: Second.

ASSEMBLYWOMAN POU: It's been moved and seconded.

Roll call.

MR. MacCALUS: Okay. On the motion, Chairwoman Pou.

ASSEMBLYWOMAN POU: Yes.

MR. MacCALUS: Senator Suliga.

SENATOR SULIGA: Yes.

MR. MacCALUS: And Treasurer designee Rousseau.

DEPUTY TREASURER ROUSSEAU: Yes.

MR. MacCALUS: Okay. It has passed.

ASSEMBLYWOMAN POU: Okay.

We're going to, now, move on to MPL 3092. If you can, just please explain that particular lease agreement?

STEVEN M. SUTKIN: Good morning.

ASSEMBLYWOMAN POU: Good morning.

SENATOR SULIGA: Good morning.

ASSEMBLYWOMAN POU: And happy New Year, by the way.

MR. SUTKIN: And to all of you.

ASSEMBLYWOMAN POU: Thank you very much.

Happy New Year's to everyone, and good morning to all. We got so tied up over here, I certainly forgot to do that. I wish you all well.

Please.

MR. SUTKIN: Thank you.

This is a lease proposal for the Division of State Police in the Department of Law and Public Safety. It's furthering the State's initiative for gender retrofit of these facilities, which has been an ongoing process for State owned and leased facilities, since I believe 1999, as I've been involved with it. There's also an additional holding cell -- going to be in the Port Norris facility. Currently, we're in the facility on a month-to-month basis. And with this initiative, we're going to convert that into a 10-year term. It's an arrangement that we have with the local municipality.

Is it Commercial Township?

ROBERT LABATE: Yes.

MR. SUTKIN: Commercial Township. And we're prepared to answer any other questions you might have about the proposal.

SENATOR SULIGA: Madam Chairwoman, I originally had some concerns with this lease, but I have spoken with Senator Sweeney, and he's satisfied me. So I'm willing to support this at this time.

ASSEMBLYWOMAN POU: Are there any other questions with regards to this lease? (no response)

Hearing none, can I have a motion?

DEPUTY TREASURER ROUSSEAU: I'll move the approval.

SENATOR SULIGA: Second.

ASSEMBLYWOMAN POU: It's been moved and seconded.

Roll call, please.

MR. MacCALUS: Roll call.

Chairwoman Pou.

ASSEMBLYWOMAN POU: Yes.

MR. MacCALUS: Senator Suliga.

SENATOR SULIGA: Yes.

MR. MacCALUS: Treasurer's designee Rousseau.

DEPUTY TREASURER ROUSSEAU: Yes.

MR. MacCALUS: Okay. It has passed.

ASSEMBLYWOMAN POU: Thank you.

If we can now move on to the interim lease agreement, MPL 3791.

MR. SUTKIN: This is an item, you may recall, that we discussed at either the last meeting or two meetings ago -- I'm not certain. We went back and did a little bit more research looking at the market rates in the locality.

I know, Senator, you had some questions. I'm happy to go through the proposal again, unless you have some specific questions that you want us to address.

SENATOR SULIGA: And I apologize. For whatever reason and -- I don't have the details on that particular one. I have it for the next. You may have sent them.

MR. MacCALUS: Yes, that's from a previous meeting.

SENATOR SULIGA: Yes. So you didn't send them? So, when you have it from the previous meeting, as a matter of course--

MR. MacCALUS: I had it sent to your office. You should have that.

SENATOR SULIGA: No. No. I'm saying I probably received it the previous meeting--

MR. MacCALUS: Oh, yes.

SENATOR SULIGA: --but you don't send an updated agenda with the new data.

MR. SUTKIN: I believe we did. It was part of the full package.

ASSEMBLYWOMAN POU: If you can--

SENATOR SULIGA: No. No. You're not understanding what I'm saying. I'm not saying you didn't send it to my office. I know I received it. I'm saying--

ASSEMBLYWOMAN POU: Senator, did you wish for him to go over some of your concerns?

SENATOR SULIGA: Yes, please.

ASSEMBLYWOMAN POU: Perhaps, maybe, if you can just help to update us what some of the issues were at the last meeting--

MR. SUTKIN: Okay.

ASSEMBLYWOMAN POU: --and some of those concerns may have been satisfied at this point, but if you can just give us a very brief overview of that.

MR. SUTKIN: Absolutely. It's a facility that's going to house, essentially, four offices in State government: part of DCA, DMV, DYFS, and the Office of the Public Defender. It's a facility that we've been in for a while, and we've been in the facility, most recently, on a month-to-month basis. It's down in Woodstown in Salem County. We received a demand letter, basically demand that we quit the lease or pay what we saw as an exorbitant rate. We managed to negotiate. They were demanding \$22 a square foot. We managed to negotiate a rate of \$18 a square foot.

Last time we met, Senator Suliga had issues with the rate.

SENATOR SULIGA: Right. And I still do.

ASSEMBLYWOMAN POU: I think it was a Salem issue, if I recall.

SENATOR SULIGA: Yes, right. I just still didn't understand, and I still don't. Maybe he can answer my question. This seems like a tremendous square footage rate for this part of the state. Again, I may be naive. I know Vineland. I know that area because I have a company I do business there with.

They supply me with flavors, so I know the area there. I've been in the area. A great flavor place, too. It really is.

MR. SUTKIN: Vineland Syrup.

SENATOR SULIGA: It's Lippid (phonetic spelling) Brothers. They're fabulous. They've got some of the best flavors going.

ASSEMBLYWOMAN POU: Is that a promotion?

SENATOR SULIGA: Well, it doesn't make me any money. I buy from them, but they're very good. I know the area. I just can't fathom this kind of rent. I mean, it just seems like such a high number.

ASSEMBLYWOMAN POU: Senator, I believe they just mentioned that they were able to negotiate it from \$22 to \$18 a square foot. Is that correct?

MR. SUTKIN: Yes, but we've also--

SENATOR SULIGA: Was the original proposal-- No, your original proposal was still 18, right?

MR. LaBATE: Yes.

SENATOR SULIGA: You're saying, they were asking for 22?

MR. LaBATE: The landlord came in with a demand letter for 22.

ASSEMBLYWOMAN POU: Oh, I see. I'm sorry.

I was repeating, and I thought I understood.

MR. SUTKIN: No. We had been paying \$13.70 a square foot. They made a demand of \$22 a square foot. It was negotiated to \$18 a square foot. What Mr. LaBate has done is, he has done research, both comparables for geographic areas, and he's also gone and looked at actual facilities that are currently occupied by governmental entities that would be suitable for these

agencies. Of course, you'd have to add moving costs and fit-out costs for that. But Bob is prepared to discuss what he's found by his investigation.

ASSEMBLYWOMAN POU: The comparable costs?

MR. LaBATE: Yes.

ASSEMBLYWOMAN POU: Okay.

MR. LaBATE: What I've done is, I have done a search on CoStar, which is a real estate service that I believe OLS uses as well for the district offices. They generate these reports that show that -- the typical market rates or asking rates for areas. What they list southern New Jersey as, at this point, as the quoted rates for a combination of the average of Class A, B, and C space, at \$20.92. That includes, probably, from south Camden County and parts of Burlington County on down to Salem. The only other space available right now in Salem County is space that the Delaware Bay Port Authority currently owns. They're starting out at 18.50 a square foot, and that's probably, like, 10 miles away from Salem. So I don't-- The 18 on a whole different tenancy is probably, even, still within what the market rates will be. We're in the process of doing-- This is an interim lease. This is a two-year lease giving us time to go out and advertise for the longer-term requirement. And we're talking with various developers on this at this point, as far as what we can do with the long-term requirement. This is a matter of securing a short-term tenancy at the existing location with no disruption in the State services.

ASSEMBLYWOMAN POU: Senator, did you have any further questions?

SENATOR SULIGA: I'm not totally comfortable with it, but I will defer to the Chair. Whatever you want to do with it, I will support.

ASSEMBLYWOMAN POU: Mr. Rousseau, do you have any questions with regards to this item?

DEPUTY TREASURER ROUSSEAU: No.

ASSEMBLYWOMAN POU: Okay.

Given the fact that it is a two-year interim lease, given the fact also that we have notice to have to take immediate action -- so as not to jeopardize the continuity of the office and the ability of the staff to do their work -- I'm going to recommend that we go ahead and approve this. I would ask, however, that when we return back for this, that there would be some very, very specific detail information done with regards to the market rate and whether or not we might be in the position to renegotiate this at a lesser cost to the State. So I think the Senator's concerns are well-noted, and ones, that we should be considering very seriously. But I am going to recommend that we go ahead with it, Senator.

So, if I could just have a motion?

DEPUTY TREASURER ROUSSEAU: I'll move it to approve.

SENATOR SULIGA: Second.

ASSEMBLYWOMAN POU: It's been moved and seconded.

Roll call, please.

MR. MacCALUS: Let's see -- MPL 3791.

Chairman Pou.

ASSEMBLYWOMAN POU: Yes.

MR. MacCALUS: Senator Suliga.

SENATOR SULIGA: Yes.

MR. MacCALUS: Treasurer designee Rousseau.

DEPUTY TREASURER ROUSSEAU: Yes.

MR. MacCALUS: It's passed.

ASSEMBLYWOMAN POU: Thank you.

Okay. And our next item -- if you can, please, give us some review on MPL 4312, the Department of Treasury, Two Gateway Center.

MR. SUTKIN: This is a lease proposal presented to the Committee for the Board of Public Utilities. It essentially takes the lease that they have now-- They have a term lease now with all the various options. I believe the exercise extends out to 2014. What we're doing is, we're adding additional space based on BPU's programmatic needs, and we're extending it out to March of 2015. It also involves taking on an additional 11,600 square feet of space, over and above the 78,000 square feet of space that they have now, to accommodate their programmatic needs. There was a private tenant in that space who was looking to sublet to us at, I believe, \$31 a square foot for that space. Through Bob's staff, they managed to bypass the private developer/occupier of the space and go directly to the landlord and arrange for a lease of that contiguous space, to the 78,000 square feet of space.

With regard to the rates and any further details, we're happy to answer any questions you have. I understand that we have representatives of the Board of Public Utilities here who can discuss all the programmatic needs that are discussed in our proposal.

ASSEMBLYWOMAN POU: Well, I have a few questions that I'd just like to begin with, and certainly I'm sure my colleagues may have some as well. But if you can just tell me, is this a space that the BPU is currently occupying at the present time?

MR. LaBATE: No.

ASSEMBLYWOMAN POU: No. This a brand new space?

MR. SUTKIN: Well, the addition is.

MR. LaBATE: Well, part of it is. Part of the 78,000 -- they occupy the 11,600.

ASSEMBLYWOMAN POU: In that very same facility?

MR. LaBATE: Yes.

ASSEMBLYWOMAN POU: So they're already there?

MR. LaBATE: Yes.

ASSEMBLYWOMAN POU: And they occupy what -- the amount of space again, please?

MR. SUTKIN: 78,552.

ASSEMBLYWOMAN POU: And what is their current rate per square footage, at the present time without the expansion?

MR. LaBATE: This proposal, I know, drops the current rate by 50 cents a square foot on the current space.

MR. SUTKIN: \$20.84 a square foot.

ASSEMBLYWOMAN POU: And the new rate is what?

MR. SUTKIN: It's not as simple as--

MR. LaBATE: For the existing 78,000, the rate drops by 50 cents a square foot. So from--

SENATOR SULIGA: Oh, just give all the information now. Let's be complete here. It doesn't drop. It drops for six months, and then it-- It drops permanently?

MR. LaBATE: No.

SENATOR SULIGA: Thank you.

MR. LaBATE: It drops for 2003, 2005.

SENATOR SULIGA: Okay.

MR. SUTKIN: It's not as easy as a simple answer.

SENATOR SULIGA: Well, yes. Well, the bigger answer is, it goes up about \$8 a square foot.

ASSEMBLYWOMAN POU: But I was getting into that, Senator.

SENATOR SULIGA: Oh, I'm sorry. I apologize.

ASSEMBLYWOMAN POU: I'm sorry.

SENATOR SULIGA: I apologize.

ASSEMBLYWOMAN POU: That's okay. I agree with you, and that's why I was trying to understand, a little bit, some of preliminary information. But I think the Senator really immediately got to the point that I was trying to get to. But, please, if you would just continue on that. It is currently \$20 and -- I don't know what you said -- 94 cents or whatever it was. And that rate is for six months.

SENATOR SULIGA: Maybe a year.

ASSEMBLYWOMAN POU: Please continue. I don't want to make these assumptions. If you would just describe the information and the agreement to me?

MR. LaBATE: The current lease expires in March of '05. That's -- right now, that's at the rate of \$20.84. That's the part that's dropping 50 cents a square foot for the remaining term of the lease. At that point, there are three, three-year options in the lease, at -- I believe it's 92 percent of the market

value -- that the State would exercise at that point, with keeping BPU at the same location.

ASSEMBLYWOMAN POU: And after the year, it will then go back -- it will be at what rate?

MR. LaBATE: At that rate then, whatever the market rate at the time that -- we would exercise the--

MR. SUTKIN: Renewal.

ASSEMBLYWOMAN POU: No. No.

MR. LaBATE: As the lease exists now or as it's being proposed in the interim.

ASSEMBLYWOMAN POU: I'm sorry. Repeat that please?

DEPUTY TREASURER ROUSSEAU: I think she's asking, as it exists now. That, if we didn't do the new lease, what would 93 percent of the market rate-- Your estimate would be 93 percent of the market rate?

MR. LaBATE: Yes. And that's what we estimated based on the landlord's current leases in the building, other leases in the building that extend out to that period of time. They have-- The owner's average for the period of time where we would exercise those options, and the current leases in the building, are \$32.47. So, if that then -- assuming if that then becomes the market value, then the renewal options that we would exercise would be 92 percent of that.

ASSEMBLYWOMAN POU: So--

MR. LaBATE: I'm not getting there.

ASSEMBLYWOMAN POU: Let's just take that thought beyond, then, throughout that 10-year period. Because I think by the time we end our contract, we will be paying how much, then, for this particular lease agreement?

MR. LaBATE: As it stands now, without the extension that we're talking about?

ASSEMBLYWOMAN POU: Yes.

No. No. No. With the new agreement and the information -- the changes that would occur thereafter?

MR. LaBATE: 28.87 would be-- If this proposal is accepted, the rate for that period of time would be 28.87 for the entire amount of space.

ASSEMBLYWOMAN POU: Throughout the 10-year period?

MR. LaBATE: Yes.

ASSEMBLYWOMAN POU: Senator, did you have any other questions with regards to that?

SENATOR SULIGA: Yes.

ASSEMBLYWOMAN POU: Please.

SENATOR SULIGA: Again, we've been discussing this for quite some time. Have we advertised in any newspaper for this requirement?

MR. LaBATE: For this particular requirement -- we have not advertised for this requirement.

SENATOR SULIGA: So, we have not -- again, you're talking an expenditure of probably \$28, \$30 million over the next 10 years. That is a tremendous, as far as I see, negotiating ability the State has. "Maybe" this is the market rate and we're going to be stuck to 92 percent of the market rate if we don't go there. But I think, with that kind of revenue, we have the ability to

negotiate. We haven't even tried. That's my concern. These aren't small leases. We haven't even tried to go out to the market, see if there is other space available in Newark and the immediate area, see if it's there, see if you can play one landlord against the other. We have simply gone to the existing landlord, plus the person that had the sublet space below, or wherever you were, and that's it. I just don't think that's responsible. I think the way to do it is at least, at a minimum, to advertise this space and see what's available out there. You don't know. You simply don't know. It's a tremendous amount of money, and at this point, again, I'm not ready to support it for that same reason.

And how many months ago did we first start discussing this?

MR. SUTKIN: My understanding that -- the reason was procedural last time. That you had--

SENATOR SULIGA: Not on my end.

MR. SUTKIN: No. That you had received it at the last moment, and you--

SENATOR SULIGA: Well, that was part of it. But now that I look at it--

MR. SUTKIN: Right.

SENATOR SULIGA: --I'm saying there's absolutely no advertised-- I just -- it doesn't fathom me. I know if I'm running my business, and I'm going to be talking about spending \$28 million -- \$28 million over a 10-year period -- I'm not going to trust just talking to that one landlord. I'm going to take that \$28 million and go elsewhere. Secondly, and I know the BPU is here, my understanding is, all State agencies -- and as a member of the Appropriations Committee -- were cut. Why do we need additional space when we have cut

programs and cut staffing, unless the BPU is one of the few where we may have increased staffing. I don't know. But my understanding from the general feeling is, we would cut the level of State government. And now we're saying we need more space for more people.

So, for those reasons, I'm not ready to support this at all, Madam Chairwoman. And maybe a member of the BPU is here and would want to address that.

ASSEMBLYWOMAN POU: I was actually going to suggest that we have a representative from the BPU, if they're here, and they choose to provide us with any additional information or input. That would be extremely helpful.

In the meantime, Mr. Rousseau, did you have any questions specifically to what's been said thus far--

DEPUTY TREASURER ROUSSEAU: No.

ASSEMBLYWOMAN POU: --or shall we wait for the representation.

DEPUTY TREASURER ROUSSEAU: Let's wait.

ASSEMBLYWOMAN POU: Thank you.

If you could just please identify yourself, I'd appreciate it. Thank you.

LANCE R. MILLER: Sure. Hello, Assemblywoman.

Lance Miller, Chief of Staff at the Board of Public Utilities. As always, good to see you again.

ASSEMBLYWOMAN POU: Good to see you.

MR. MILLER: We planted trees in Paterson this past fall.

ASSEMBLYWOMAN POU: Yes.

MR. MILLER: It was a very enjoyable time.

The Board is interested in this space. Let me give you a little history, to answer your question, Senator.

The Board originally had -- going back several years until the last administration -- both the eighth and ninth floors of Two Gateway Center. During the last administration, vacancies were not filled, and space was then given up, and half of the ninth floor was removed from the lease and is now occupied by the U.S. Postal Service.

One of the main comments of the transition report, that was prepared for the new administration, dealt with staffing issues at the Board of Public Utilities. The Board of Public Utilities is fully supported by assessments against the utilities that we regulate. This does not cost the State taxpayers of the State of New Jersey one dime out of the general State revenues. This is all dedicated funds from the utilities.

The recommendation of the transition team was to increase the staffing of the agency so that we could meet the needs of the regulated entities in getting their petitions through the agency in a timely manner. With the approval of the Treasurer's Office, the Governor's Office, we have embarked on a hiring program since that time. When we came in two years ago, we had about 250 actual people present in the building. Since that time, we have added over 50 people, and that has strained our space to the utmost. We are literally having people sitting on top of other people. That necessitated us to look for additional space.

When the space became available on the 13th floor, President Fox directed me to pursue it aggressively and to see if we could get that space. That is just about the same space that the Board previously gave up for the space that's now occupied by the U.S. Postal Service. So what this is doing is, it's getting us back to about the space that we had previously, for the number of positions that the Board had previously.

The staff has been instrumental in eliminating backlogs of orders that went back several years when we came in. The Board is somewhat unique. It has five commissioners. It's a quasi-judicial agency, so there are hearings held every two weeks. We have a hearing room similar to this (indicating size of room), although larger. So we have some unique space requirements that would be very, very difficult to match elsewhere in the Newark area where we are located, not to mention the disruption that (*sic*) a move would occur, that would be necessary if we ran out of our current lease, which is March of 2005.

So for those reasons, we were very supportive of Treasury renegotiating the lease at our current location so that we could continue our operations, continue to serve the ratepayers of the State of New Jersey, and to meet our obligations to the regulated utilities and cable industry in the State of New Jersey.

And I would, respectfully, request or ask that you favorably consider this lease requirement.

ASSEMBLYWOMAN POU: Senator.

SENATOR SULIGA: Well, I'd like to address-- I can understand what you're saying. I just don't agree with it. First, I never use the rationale: just because it was like that eight years ago, that's the way we should do it

today. I think that's the old way people think in government. I'm involved in government on a local level, and I really abhor that kind of situation. I really believe that we should look forward. Maybe some departments have to be increased, some departments have to be decreased. But just to use an argument that we were that way years ago, therefore we're just getting back to where we were, maybe we were wrong then. So I can't buy that.

Secondly, when anybody tells me the taxpayers aren't paying assessments -- where do you think those assessments go? You know and I know they go on the bills of the ratepayers. So the people of the State of New Jersey are paying that, regardless of whether it's coming from the general fund through tax dollars or coming through their bills. They're paying it. Just like they're paying the increase in the electric deregulation, that I voted against very strongly, knowing that there would be a 15 percent move from the industrial and commercial ratepayers, that can negotiate, to the residential ratepayer -- doesn't see that big difference in the bills every year. Can't see that 15 percent.

I try to think out of the box. Thirdly, when we're talking about \$28 million, if you have to disrupt the 358 employees, that's a tremendous amount of money, whether it's coming from the ratepayers, the State of New Jersey, or whatever.

And finally, and more importantly -- again, it's my overriding position -- let's assume all your things are true, I agreed with everything you said -- that the ratepayers are paying it, that it was this way before, we need this manpower. We still have not gone out to the market to see what it is. I mean, I'd say to anyone, when you redo your home: You bring in one person; they give you a price on how much to do the aluminum siding, you say, "Oh, great,

I'll pay that." No, you don't. You go and try to keep people honest. In this position, we haven't done that. We have not talked to one other person. That's my concern. Put it out there in the market.

Maybe this is a great price. I don't know. But you're not going to know unless you put it out there. You're dealing with a lot of money here. A lot of landlords would love to have-- First of all, landlords love State and Federal agencies. Okay, they love it. I have some property. I'd love it if I'd get a State and Federal agency. Obviously, I can't get a State agency. But if I could, I'd love it. You know why? The paycheck's there. The rent's there every month. You don't worry about it. It's there. (laughter) Well, yes, maybe in a few months I can.

ASSEMBLYWOMAN POU: We hope so. We hope so.

SENATOR SULIGA: So those are the reasons. There's an overriding reason. Even if you're correct in terms of the manpower -- and I'm not saying you are or you aren't. I'm not making that judgment, and maybe you're doing a great job in getting the backlog down. My overriding concern is, we haven't gone anywhere on this. We haven't even touched the market. We haven't talked to any other landlords in the area. We haven't made a determination: Is that the best place to be in Newark? Maybe it is, where we are. That's my concern, and I'm not ready to support that based on that. Until I see--

DEPUTY TREASURER ROUSSEAU: Based on Senator Suliga, I think we should just table this for today. But what I would also suggest -- and I understand Lance's position about the unique space -- but I think when we look at outside, maybe we'll get outside for just the additional spacing. Is it

possible, Lance, for you to be able to move a unit of BPU somewhere else? Could you move the cable television unit, or could you move one of the other ones if there is cheaper space somewhere else in Newark? I understand it would probably be hard to find a place to have the big meeting room you need, but is it possible with the different divisions you have within BPU that you could look at that as a possibility, when you look outside for other possible space?

MR. MILLER: One of the things -- and, Senator, I'd like to briefly address your remarks. I have made my career in State government. And now it spans 28 years thinking outside the box. I have redone, redeveloped, reorganized major units in the Department of Environmental Protection where I worked previously. I am considered a change agent in State government. That is what we're doing at the Board of Public Utilities. We are not rebuilding what was there previously. We are reshaping. We are working on issues that are of paramount importance to the citizens in the State of New Jersey, especially reliability standards, the issues that we've had with outages over the past two years. Previously, there has been no definition as to what it means to have reliable utilities or cable service. We are now embarking on developing those standards. All brand new work. Never been done before. It hasn't been done in any other state. And it's for that reason that the Board needs to keep its operating units together.

So, Dave, no. I would not want to split up the Board, because these units are operating in cross-divisional teams in developing these standards. So that when we look at operations of the cable industry and how rapid a response to a customer inquiry the cable industry should have, should that also be similar to what is done in the electric utility, the gas utilities, the water

utilities, the telecommunication situation? It's that cross-fertilization and integration of teamwork that is key to our work, and I would definitely not want to split up our divisions at this particular time. That's why we jumped at the only available space in Two Gateway Center, which is the space on the 13th Floor.

In talking with Treasury, given that our lease was coming up in 2005, the ability to renegotiate that lease and extend it was obviously something that they felt was worthwhile and in the public interest.

SENATOR SULIGA: You had me a little there until -- if you want to get into the debate, that you're telling me that every division-- See, this is the kind of stuff I don't buy -- you have to be physically in the same building. You're not even willing to look if it's going to be across the street. It has to be physically in the same building -- in this day of e-mails, computers, telephones, faxes -- to effectively work together as a team, is ridiculous. I have to tell you that.

You weren't even open-minded. You're saying you think out of the box. You wouldn't even open yourself-- We didn't even say-- He said another space. It could be across the street. "Oh, we have to be one floor against the other." Come on. In today's day? How many times are the teams together constantly? Corporations run their companies from one side of the coast to the other and have divisions work together, and they're not in the same state. So, please, that's not -- you lost me on that. If you said you're an agent for change and you did all these great things, and you're doing things we never did in any other state, maybe we are. I don't know. I don't see how unique New Jersey

is that we've done everything first, but maybe we have. I can't argue that. I don't know those facts.

But I know the facts when you say that every single division you have-- Do you have a personnel division?

MR. MILLER: Yes.

SENATOR SULIGA: Does that have to physically be with the other people? No, of course not. Companies run personnel divisions from the one state that run the whole company. Do you have a legal division?

MR. MILLER: We have legal staff.

SENATOR SULIGA: Okay. They don't necessarily have to be physically in the same building that the rest of your divisions are. They're not sitting there working with the technicians. They're giving legal advice, reviewing memos and reviewing legal things. So for you to make that statement is ridiculous -- that we have to have every division in the same area. That's what I'm talking about -- thinking outside of the box. Now, do we say, "Ah, we want to all be together." Sure, it's nice to be together. That's a nice thing. It's nice when you can walk down the hall and talk to somebody, talk to the attorney. Those are good things. I'm not saying that that's not. But that's not vital to teamwork. That's not vital to your organization -- that every single division that you have be together. I just don't buy that. And you weren't open-minded.

I think Dave made a very good suggestion. Let's see if maybe just one -- somebody could be moved. I know darn well somebody can be moved. Don't tell me you're an agent for change when you put a block there the second he made a simple suggestion. You didn't say, "Hey, maybe we'll look into it. Maybe that's a good idea." He didn't say it could be done. He said it's a

possibility. Let's look into it. You, right away, it was over. You didn't want to look into it.

ASSEMBLYWOMAN POU: I am going to recommend that -- obviously, there are some concerns with regards to this lease agreement. We're not going to take any action on this lease agreement today. What I would like to recommend, however, is that you had begun to express some compelling reasons as to why you felt strongly that you wanted to move in the same direction. When we come back to the table with regards to this lease agreement, if you could provide us with that written information. That might be helpful for us to, then, look in terms of what areas. I would strongly suggest, as Mr. Rousseau has recommended, that you refer to some of the comments and recommendations that've been made and see how that can be done, or perhaps if you're -- based on your response, why you feel that that would be detrimental, or it would create a major interruption in your ability to provide the services or obtain some of your goals and objectives that you're trying to achieve with the BPU.

So, perhaps, maybe that might be the approach for us to take when we reconsider this lease agreement. And if time is of the essence, well, I'm sure that this is something that we can address right away. But, obviously, it may require some additional information.

MR. MILLER: We'd be happy to provide that, Assemblywoman.

ASSEMBLYWOMAN POU: Thank you. Thank you.

Thank you very much.

MR. MILLER: Thank you for your consideration.

ASSEMBLYWOMAN POU: Thank you, ladies and gentlemen. I'd like to-- At this time, I've seen that there are no other actions required on our behalf. I'd like at this time to entertain a motion for adjournment.

DEPUTY TREASURER ROUSSEAU: So moved.

SENATOR SULIGA: Second.

ASSEMBLYWOMAN POU: It's been moved and seconded.

Do we need a roll call, John?

MR. MacCALUS: Yes.

ASSEMBLYWOMAN POU: Okay. Roll call.

MR. MacCALUS: For a motion to adjourn the State Leasing and Space Utilization Committee meeting of January 6, 2004, at 10:50.

Chairwoman Pou.

ASSEMBLYWOMAN POU: Yes.

MR. MacCALUS: Senator Suliga.

SENATOR SULIGA: Yes.

MR. MacCALUS: And Treasurer's designee, Rousseau.

DEPUTY TREASURER ROUSSEAU: Yes.

ASSEMBLYWOMAN POU: Thank you very much, Mr. MacCalus.

I'd like to just again extend a very happy New Year's to all, and a very fruitful and healthy year for all of us as we embark on a whole new year. And we'll be talking to you very soon.

Thank you very much.

MR. SUTKIN: Thank you.

(MEETING CONCLUDED)