
Committee Meeting

of

STATE LEASING AND SPACE UTILIZATION COMMITTEE

"Presentations by the Division of Property Management and Construction outlining Treasury's leasing process, current activities, objectives and recommendations for the future; presentation by the Motor Vehicle Commission outlining their Long Range Master Plan; and presentation by the Department of Children and Families on their space plan."

LOCATION: Committee Room 9
State House Annex
Trenton, New Jersey

DATE: March 12, 2007
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Joseph Cryan, Chair
Senator Stephen M. Sweeney
Robert L. Smartt

ALSO PRESENT:

John A. MacCalus
Committee Aide
Robert Shaughnessy, Esq.
Counsel



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ASSEMBLYMAN JOSEPH CRYAN (Chair): Hi, everybody.
Hi, folks, how are we doing?

UNIDENTIFIED SPEAKER FROM AUDIENCE: All right.

ASSEMBLYMAN CRYAN: Good.

Let me take you through the agenda today, and then we'll begin with the roll call, then we'll have our minutes. Then we're going to do the long-range master plans, and then we will do the leases that are here, and whatever other business we have, so that you will have an idea as to how this will actually work today, which should be rare.

Why don't we start with the roll call?

MR. MacCALUS (Committee Aide): Okay. Roll call for the State Leasing and Space Utilization Committee meeting of March 12.

Chairman Cryan.

ASSEMBLYMAN CRYAN: Here.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Here.

MR. MacCALUS: Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: 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*, *The Trenton Times*, and the State House Press on February 8, 2007, and as amended, in accordance with N.J.S.A.10:4-6 to 10:4-21, known as the Open Public Meetings Act.

We may proceed.

ASSEMBLYMAN CRYAN: Thank you.

Anybody have any comments -- either one of you guys?

Steve.

SENATOR SWEENEY: We'll have plenty later.

ASSEMBLYMAN CRYAN: That's for sure.

And the Division of Property Management -- do we have comments today coming from the Division of Property Management?

MR. MacCALUS: Do you want to skip the minutes?

ASSEMBLYMAN CRYAN: Yes -- do we need to approve the minutes? Let's do that.

MR. MacCALUS: Okay.

Let's see, for the approval of the minutes to the meeting of October 12, to approve.

Chairman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: Okay. They are approved.

ASSEMBLYMAN CRYAN: Great.

MR. MacCALUS: Okay, we're ready to rock and roll.

E D M U N D F. J E N K I N S: I'm Ed Jenkins, the Director of the Division of Property Management and Construction, and I want to thank you for the opportunity to present this short briefing today.

I want to make this clear, this is not Treasury's Space Utilization Plan, but rather a presentation on DPMC's process and how we

think, working together with the Committee and the Departments, we can utilize space more efficiently.

After our meeting last October, we took to heart the Committee's directive to pull together space plans for all departments to provide a more detailed picture of the types of space available statewide. We are in the midst of a first time inventory and are progressing well, although there's still some work to be done. Working with OMB, the DPMC crafted a document that requested pertinent information about head counts, approved growth, occupied and unoccupied offices and work stations, conference rooms; and space used for other purposes, such as files, copiers, and books. This information was requested from every agency, for every building and every floor the State either owns or leases. We're still in the process of reviewing and verifying our inventory. But we know at this point there are 4,845 State-owned, and another 355 State-leased, facilities. All this information is being uploaded to Treasury's Land and Building Asset Management system.

ASSEMBLYMAN CRYAN: I'm sorry. Could you repeat those numbers for me?

MR. JENKINS: There's 4,845 State-owned and 355 State-leased -- a total of 5,200. All of this information is being uploaded to Treasury's Land and Building Asset Management system, the acronym is LBAM, what we'll be using. And using LBAM, we will have an accurate snapshot of available vacant space in both owned and leased facilities for all agencies throughout the State. This information will become a resource we can use to satisfy new space requests within specific geographic areas. The space utilization information that will be presented today by the

Department of Children and Families and MVC has been confirmed by Treasury and the agencies, and is an accurate overview.

I would like to take this opportunity to thank and commend DCF and MVC for their help throughout this process. They've been extremely cooperative, both in completing their space plan submissions promptly, and in looking for innovative ways to solve most of their space issues without the need for acquiring a single additional square-foot of lease space.

As an example, we have partnered with MVC in reconfiguring some of their vacancies in their Trenton headquarters. This dual effort will allow 160 Department of Children and Families employees from an expiring lease in West Windsor to backfill this once vacant space, saving the State \$1 million in rent payments. This is significant, because it's one agency -- DCF -- moving into another facility, MVC's facility. And this is the type of cooperation we need to be successful, so this is a huge hit.

ASSEMBLYMAN CRYAN: And that came out of this process?

MR. JENKINS: That's correct. So that's a million dollar savings right there. So that's big.

As for DCF, we've been able to identify vacant Housing Authority space in both Woodbridge and Perth Amboy which will solve an urgent Middlesex County need to house caseworkers, who provide critical service to children and families, near the people they serve. It is precisely this thinking-outside-the-box concept, that we discussed at our last meeting, that we need to see more of. I applaud both of these agencies for kicking the ball off.

As we move forward and accurately identify all vacant space statewide, it will be my goal and the goal of my staff to maximize utilization of all available seats. This includes every cubicle, every office, and every space that could be converted from other use to office use. As we identify space opportunities, we will cross-reference that list against the leases that are due to expire. Where possible, we plan on using the identified vacant space to terminate leases.

You should know that my organization had routinely attempted to satisfy space requirements using available vacant space even before this initiative, which we enthusiastically support. For example, in Fiscal Year '05 and '06, we closed a total of seven leases, saving \$998,000 in rent. This fiscal year, we have closed or will close another nine leases, reducing the rent by 1.8 million. Additionally this year, we have been able to accommodate enhancements and expansions of various programs using existing space and avoiding an additional 1.8 million in costs. All totaled, for the last three fiscal years, we have saved or avoided 4.5 million in lease costs.

The leases that you'll be asked to consider after the presentations include two DCF items. The DPMC is in complete agreement that these items should be approved. In fact, all six agenda items that you will be asked to consider represent critical space needs that cannot be addressed using the State's existing portfolio.

Getting back to DCF, as we sit here today, I can tell you unequivocally that there is not available space, leased or owned, in Burlington or Somerset County. I'm sure DCF will be able to state their

case ably, but we also feel that securing this space in these counties is critical to the success of the program.

Thank you for the opportunity to address the Committee. Everyone in the DPMC looks forward, and is eager, to working with you to achieve our mutual goals in the future.

So all in all -- I mean, we don't have all the information in, we got about 95 percent of the information -- but it's been a smashing success. We'll be able to use this data as we go forward. We'll get our leases that are going to expire. We'll certainly put them in where we can. Now, it's not always a slam-dunk. The space may be available in Cumberland County and the requirement may be in Essex County, but the point is, when they're close or adjacent counties, we'll be able -- or should be able to satisfy a lot of requests. So it's an important step and a good step.

ASSEMBLYMAN CRYAN: That's great. What information do you need? Are you waiting for particular information from a department, or is it something that's--

MR. JENKINS: Well, there's-- Most of the agencies are in. But you know, it's an arduous and time-consuming process. Some of these agencies have a lot of buildings, obviously, and a lot of floors in those buildings. Having said that, they've had ample time to do it. I mean, we had our last meeting in October, and you called for November 15th, if you remember, or thereabouts -- mid-November.

ASSEMBLYMAN CRYAN: I remember. So where-- Is there anybody in particular that could use some enthusiasm.

MR. JENKINS: Well, we're working on it. I don't want to throw anybody under the bus here, but there's one main agency that we

need to get. And we've been making some calls, and we feel confident that will be in shortly. All right?

ASSEMBLYMAN CRYAN: I have one other quick question for you, and that is--

MR. JENKINS: Sure.

ASSEMBLYMAN CRYAN: First off -- and thanks for the information on the savings.

MR. JENKINS: You're welcome.

ASSEMBLYMAN CRYAN: In these standards, it's 200 feet.

MR. JENKINS: Yes.

ASSEMBLYMAN CRYAN: Which, when you look at the numbers as we go through these, I'm going to ask -- I guess it will be Sharon and Lisa as well -- as to how valid the 200-foot thing is. What's your sense of that, because it shows the percentages on these long-range plans, and 200 feet sounds like a lot for every person. Maybe it is, maybe it isn't, I don't know.

MR. JENKINS: You know, we've asked some other states. It's interesting. We've bandied about the idea. And what might come out of this -- that in the future maybe we go to 175 square feet. You know, 200 is a thumbnail number. You realize, if you're sitting in an eight-by-eight cube, you're only occupying 64 square feet. Or if you're in a 10 x 10 office, that's 100. But when you factor in the circulation area, the hallway to get to the lobbies--

ASSEMBLYMAN CRYAN: Common space, yes.

MR. JENKINS: --the foyers, it's all the common space. So it does bring that number up. To your point, though, we might want to do a

pilot program down the road, after we get all this information, and maybe start using a lesser number -- 175 square feet per person. That's doable in the future. But if we go to a building that exists at 200 today, and we're going to restack it, as an example, and it's eight, nine floors, you've got to mitigate that against what it's going to cost. It's going to be a substantial amount of money to do that. Now, if we're going to pick up 20 cubes, it's probably not worth it. But if we're going to pick up 250 cubes, then it would be worth it. So we'd have to do the math. Maybe we could do a pilot building -- a one- or two-story building and see how it works. But there will be a cost associated to that, probably a substantial cost.

ASSEMBLYMAN CRYAN: One other point, which I'm going to ask each of the folks who are presenting, is, in some cases, some numbers are in the-- I think there are only a couple of numbers in the 50 percent utilization range, but there were some as high as 600 and 700 percent. Is there a number that you look at, from what you do, that the bell rings, and you go, "Wait a minute. We've really got a serious issue here" that jumped off the page?

MR. JENKINS: Yes. Anything over 200, 225.

ASSEMBLYMAN CRYAN: Is that your standard?

MR. JENKINS: Yes. You really have to raise the flag at that, yes. Yes.

ASSEMBLYMAN CRYAN: Two-and-a-quarter?

MR. JENKINS: Yes.

ASSEMBLYMAN CRYAN: Okay.

MR. JENKINS: But now, you know, if you're lawyers, or something where you need space -- if you're a draftsman, you need more space to put your floor plan. So you have to factor all that in.

ASSEMBLYMAN CRYAN: You weigh that in.

MR. JENKINS: But typically, 225 would throw a flag up for me, even 200.

ASSEMBLYMAN CRYAN: Okay. All right.

Thanks.

Senator.

SENATOR SWEENEY: Just one quick question. The Treasurer is an old facilities guy -- where he came from. Can we find out what they -- look at the private sector, square feet per employee? Can we get that number?

MR. JENKINS: Absolutely, yes.

SENATOR SWEENEY: Just for a comparison.

MR. JENKINS: Without a doubt. Well, I can tell you, I worked for AT&T for 23 years, prior to taking this job, and I've been here five years. And it's interesting. Then I went to Lucent, the last five years. I was 18 with AT&T, then Lucent. And Lucent, as you know, started going down the tubes at that time, which is why I took the package and came here, right? (laughter)

But in any case, our metric at that point -- that's called the *metric* -- space per person. The metric was somewhere in the neighborhood of 300 square feet. And right away, we had to decrease that to 200, and we eventually went down to 175. Now, again, it took some cost, but we can

get that for you. But I can tell you, with AT&T it was about 250 and higher, but I'm sure that's when they had deep pockets. It's come down.

SENATOR SWEENEY: I'm actually-- I looked at the AT&Ts, and I don't really look at them as, like, private sector. I look at them -- big utilities.

MR. JENKINS: Okay, yes.

SENATOR SWEENEY: I would be more interested in the Treasurer again. He was a facilities guy for Goldman Sachs, so I'm sure he has some type of-- And it might be more, it could be more. I have no idea. I'm asking a question without an answer.

MR. JENKINS: Yes, it may be more. It may be more.

SENATOR SWEENEY: But I'm just curious to have a measuring stick.

MR. JENKINS: Yes, absolutely. We could do that.

DEPUTY TREASURER SMARTT: I just wanted to add, Mr. Chairman: Mr. Jenkins mentioned that we had been working with some housing authorities to see if it was possible to meet needs for the Department of Children and Families. In that same spirit, Mr. MacCalus and I met with the League of Municipalities to talk to the League about the possibility of us, given our requirements, sharing them with the local mayors, and we would do it with the counties as well, to see if there is a possibility for a partnership with local governments.

And with the permission of the Chair, I'd like to recognize Mr. Dressel, the Director of the League, just for a few brief comments on that subject.

ASSEMBLYMAN CRYAN: Sure, of course.

Thanks, Ed.

MR. JENKINS: All right.

Thank you.

WILLIAM G. DRESSEL JR.: Mr. Chairman, I'm Bill Dressel, Executive Director of the State League of Municipalities.

Mr. Smartt is correct. He and John MacCalus, from the Office of Legislative Services, had met with me and corresponded with me regarding this proposal, and I would like to applaud the Treasurer's Office and you for considering it; because it appears to be a win-win situation for the State and for municipal government. Based on the experience that Mr. MacCalus has in this area, this would be kind of a natural transition into opening it up to other State offices, based on the information Mr. MacCalus provided me with -- that a few municipal leases, in the cost, generally are one-half the marketplace in the vicinity because of the municipalities' overhead is different. And the municipalities would be filling a gap, quite frankly, in that they would be able to get some rent back into the municipal coffers.

So I see nothing wrong with it. I think it is a model that should be expanded to include other kinds of other agencies and other possibilities for State government to use municipal properties. And again, I applaud the idea. I think it's thinking outside the box. I think it's an initiative that has a lot of potential.

ASSEMBLYMAN CRYAN: What concerns would you see from municipalities? Would there be any particular overriding concern that we should be aware of, or--

MR. DRESSEL: Well, I think the town has got to make the decision locally as to whether or not they've got that kind of space that is available. It's purely a local decision. It's optional. I do not see a problem, quite frankly. In fact I see advantages, because you don't have to go through this elongated bidding process and the other kinds of red tape that you would have normally in being able to have this kind of transaction.

Like I say, I think Mr. MacCalus at least convinced me that this kind of a situation has worked on a limited basis, and that it can be expanded through this kind of initiative that you're considering. And I don't see a downside. I've discussed it with a few municipal officials in my leadership, and they didn't see any downside to it.

ASSEMBLYMAN CRYAN: Anybody? (no response)

All right, Bill. Thank you very much.

MR. DRESSEL: Okay. Thank you, Mr. Chairman.

ASSEMBLYMAN CRYAN: Okay, Motor Vehicle. Let's do that first, because Children and Families has leases too, right?

How are you?

S H A R O N A N N E H A R R I N G T O N: Good.

How are you? Good morning.

ASSEMBLYMAN CRYAN: Good.

Good morning.

If you guys would rather not stand, there's these chairs over here. There's no sense standing when there's empty chairs. Take them if you want them.

MS. HARRINGTON: We have a couple of visuals that we're putting up, but I'll begin, if I may?

Thank you so much for the opportunity to come and talk with you about our Motor Vehicle Commission facility Master Plan.

With me today is Denise Coyle, who is the Assistant Chief Administrator for Finance and Administration.

We will lay out our efforts to date, and explain the Motor Vehicle Commission's future facility goals. As you know, four years ago the Legislature took a monumental step with its passage of the Motor Vehicle Security and Customer Service Act, which officially established the MVC. This Act serves as the foundation for many of the improvements and successes we have had within our organization. We've revitalized customer service and enhanced security measures, and we've carefully set forth plans that demonstrate true progress in a short period of time. But our work, as you know, is not complete; and we have much more to do if we are to be the model for excellence in Motor Vehicle services, which is the goal we have set for ourselves.

In January, we reconvened the Fix DMV Commission, which is the group that started the discussion to change the future of Motor Vehicle services; and to help us move ahead with our next generation of improvements, projects, and initiatives. This group provided invaluable feedback on our efforts to date. But what we really need to look at is the future of our services and see what's changed in the four years that we've been in business.

We're using our five advisory committees -- Security and Privacy, Business, Customer Service, Safety, and Technology -- to review various areas of our organization and to make recommendations to you, the members of the Legislature, by early Summer.

Many of the subject areas of these committees relate to facilities, and each of the groups new recommendations will serve as a guide for our plans to address the future of our infrastructure challenges. As you know, one of the many challenges we have faced and continue to face is that of our facility portfolio -- maintaining facilities that are flexible to the needs of our organization and, most importantly, to that of our customers.

We consider ourselves to be the public face of State government. We serve the motor vehicle needs of drivers in every corner of the state. The law now calls for the Motor Vehicle Commission to provide at least one Motor Vehicle agency in each county, and further to serve the needs of every 300,000 citizens. To date, we have met this requirement. But as regulations, technologies, and driver needs evolve, we will prepare to change every aspect of our business, including facilities.

One of the things that is confronting us in the near future is REAL ID. There's an estimated nationwide implementation cost of \$14 billion, and it could potentially place a strain on not only our operations, but also our facilities, if we are to comply with this Federal requirement.

The facilities play an integral role in serving New Jersey drivers every day. To ensure that we remain properly focused in this incredibly important element of our business, we undertook a siting study in 2004 with the help of Standard & Poor's Corporate Value Consulting. This was also called for in the law that established the MVC. Standard & Poor's sampled about 7,500 customers; performing in-depth interviews with facility managers. They also analyzed more than a dozen facility-related factors during the study, including our current locations, service times, public transit access, population trends, and our transaction-volume

projections over a five-year period. Under the assumption of a five-year implementation window and the availability of adequate funding, which is a very important consideration, they identified a portfolio of optimal facility locations, using zip codes, to reflect the demographic trends.

They recommended the standardization of Motor Vehicle sites with a model agency plan -- and you'll see that -- improving property quality through the elimination of month-to-month leases -- which is very important; adding more customer service space to improve site conditions; the utilization of State-owned land; and saving money by finding new sites for the existing month-to-month leases. And we've been successful to some extent with that.

Our portfolio of facilities now include 79 public locations at which we title, register, inspect, license, and otherwise serve New Jersey as our public face of government. We have Motor Vehicle agencies, Regional Service Centers, Driver Testing Centers, inspection facilities, specialty inspection facilities located throughout the 21 counties. In addition, we have the Trenton Office Complex, which is located in a State-owned building at 225 East State Street, which is the nerve center of our organization's operations. The Trenton Office Center houses vital Motor Vehicle support services and programs, including the modernized mail processing and sorting unit which moves approximately 23 million pieces of mail per year. The upgrades at -- the Trenton Office Complex is home to more than 1,200 employees. And I just want to remind you, from last year, that this new mail equipment has saved us about \$700,000. So it's an investment, and reflects our taking our role very seriously.

So regardless of the location, we maximize our facility portfolio by maintaining flexible infrastructure that provides the clearest benefit to our customers. We have what we consider to be a well-organized plan in place, and we are in a good position to meet and attain our goal of improved customer services.

Much of this has been accomplished through a bond that was included in the Motor Vehicle Security and Customer Service Act. These funds allow us to not only properly address lingering capital needs and upgrade technology in an effort to meet our requirements, it's also what we are using as we go forward to, again, revitalize and revise and renovate our properties. And equally as important, we upgrade all of our technology platforms.

So I'm now going to turn to Denise Coyle, who will talk with you specifically about some of the Siting Study recommendations and our future facilities.

D E N I S E C O Y L E: I don't know, Senator, do you just want to ask me your questions? (laughter) Are you going to let me do my spiel a little bit?

SENATOR SWEENEY: I'm excited to hear. (laughter)

MS. COYLE: I thought so.

I guess one of the things that we have wanted to--

MR. MacCALUS: Excuse me, Denise.

MS. COYLE: Yes.

MR. MacCALUS: Could you identify yourself for your Internet audience and--

MS. COYLE: I'm Denise Coyle, Assistant Chief Administrator for the Motor Vehicle Commission.

MR. MacCALUS: Thank you. Sorry.

MS. COYLE: No problem.

I think that one of the things that we found challenging is that Motor Vehicle, for a number of years, had facilities throughout the state -- some are run down, some are owned, some are leased -- there's this *hodgepodge*, as I call it. And not every location does all of our business. So we've got Motor Vehicle agencies. You're going for your driver's license -- Driver Testing Centers. We have a few Driver Testing Centers that do nothing but driver testing, which is one thing we need to reduce, eliminate. And we have our inspection facilities; most of our inspection facilities, except for two I believe, are State-owned.

So the approach-- We have about 800 customers that visit a Motor Vehicle agency per day. And we had to start to look at-- Part of the long lines was also the design and work flow of the buildings that we were in. So one of the things that we looked at, in addition to technology, was to rebuild and relook at how to design the work flow. If you walk into a Motor Vehicle agency today, more than likely you might be greeted by a person who has a little laptop and says, "What are you here for? Let me check your documents," etc. We have now -- because we've shifted the space -- 54 percent of the facility space in our prototype now is dedicated to the customer side of the business, not the employee cubicle side. And the system -- that I do applaud Treasury in having -- the LBAM -- which I don't know what the acronym completely means, sorry -- but it's a great system to capture things. But Motor Vehicle has space -- if you just take square

footage, it's not about people in cubicles -- it's about inspection lanes, it's about customer space.

So we began to try to look to see-- We're trying to do a setup that's similar to a bank, in terms of our-- Do we have a poster? But -- just so you could see both. (indicating poster) This is us touting ourselves on the projects we are either in the middle of completing or have completed since 2004; which I'll go over, but--

So we looked to redesign our space. And if you look, that -- the purple -- right? -- is all customer service. It's all customer, so that we've kept the employees' piece to a minimum. However, that's a typical Motor Vehicle agency which can accommodate driver testing, the written testing, as well as the norm Motor Vehicle agency work that gets done. If you look on the bottom, you'll see typically, from a square-footage standpoint, what an inspection facility looks like -- again, the purple being the lanes versus the actual space. So I just wanted to give you a little bit of a flavor, that when you look at square footage for a lot of our things and the totals, it's not about people, it's more about customer space, workspace.

So when we reviewed our portfolio, there were some questions that we decided that we needed to look at: Do we have the adequate facilities? What's the setup? Can they adapt? One of the things that's starting to happen-- I look at it that we're at a crossroad. So you might say, "Denise, put all your stuff on State-owned land." I wouldn't disagree with a good portion of that.

However, with the technologies going where they are, in one hand we want the agency to be high state-of-the-art -- get you in, get you out. At the same time, we hope that down the road you won't have to

come to the Motor Vehicle agency as much as you might today, based upon laws that will be coming up, and technologies. So as a result of that, I think that there's a certain pool of facilities that should be leased to be able to give me some flexibility, I think, as we move in the next five to 10 years and see where we're headed.

At the same time, I think it's our responsibility to look at wherever we can consolidate. And I use that term a little differently than probably DPMC -- so don't get confused, I don't want to get in trouble. I've got Flemington. We have State-owned land. There's an inspection station there. Down the road in a small shopping center, I've got a little Motor Vehicle agency. There's no reason why I should continue to spend the money in the Motor Vehicle agency when I have the property and the ability to build on the State land. Which also then, now you can come to-- You know, at some point, we should hopefully be going out to a bid for construction soon. But you'll be able to go to Flemington, and if you've got to get your car inspected, and you've got to do some driver testing, or you get your license you're going to one place. And Hunterdon County is a growing-- We used the siting study from Standard & Poor's to kind of gauge, geographically, where's population, where are they moving to, what are they doing? We're even coming down to South Jersey.

Hopefully, if I have my way in a few years, we'll have a new super center.

SENATOR SWEENEY: We actually have cars now.

ASSEMBLYMAN CRYAN: Follow the money.

MS. COYLE: Except I've got to change districts, right?

SENATOR SWEENEY: We have cars now, you know that.

(laughter)

MS. COYLE: I learned. It's amazing.

So our approach is, currently -- and I've changed my speech, of course, all over -- currently, we will have four new agencies that will be built or start being built during Fiscal Year of '08. And that's Flemington, Freehold, Randolph, and South Brunswick. All of those new constructions will replace existing leases. We're using the money out of our dedicated bond, which is there specifically to improve the capital of MVC. In Fiscal Year '09, we're going to construct two new more agencies. They're at Lodi and Rahway. They'll already there, but in terms of the age of them and what it would-- We did a study to look at what it would cost to renovate versus knock it down and build it again. And we've learned, in several of our larger facilities, it is actually better to knock it down and rebuild. So that's another thing that we've looked at.

Recently, we've also-- As I had mentioned, we're going to get rid of the single driver testing locations that just exist just for that purpose. I think that one of the things that does, though -- is looming to us, is we have, still, quite a few month-to-month leases. And no one would have told me before I took this job that anyone could just evict the State of New Jersey. It just doesn't happen. Well, yes, it does, I learned. And I've learned it the hard way.

In one case right now, Englewood Motor Vehicle agency is -- we were served, to evict. We worked out a date through the help of DPMC and the Attorney General's office, but we have to be out of there the end of April. The end of April -- to find that out in January is not a lot of time for

a Motor Vehicle agency to just pick up, find a new place to go. I'm sad to say, actually, that the last time we were here you approved Teaneck, and our goal was to go into Teaneck. So if Englewood closed-- Well, Teaneck has not worked out in terms of a price. We do have a price that we set for how much we want to spend. So we're closing Englewood. We have to scatter the employees for a while, and we have to find another location.

So an eviction for us is a lot of work of trying to figure out where to send the employees, going through the advertising process to get a new location. And sometimes -- and that's something that we look for, as we look through our statute -- there is a statute that says, I believe it's 300,000 people per agency, or in that-- Is that how--

MS. HARRINGTON: Yes. It's every county, and then subsection of 300,000 population.

MS. COYLE: Sometimes it doesn't make sense. So I think that we need to-- If we want to modernize the way we look at facilities and the approaches we want to take, we need to look at that part of the statute. Some places we can close and it's okay. We had an inspection station recently, in Ridgewood, that we're in the process of closing. It was an appointment-only. We had had it on a month-to-month lease -- since 1932?

MS. HARRINGTON: Eight.

MS. COYLE: Thirty-eight. Oh, well. So that one's -- okay, we can handle that. Some things we can handle, other things-- It's not a good position to be in. So there are a portion of month-to-month leases that we want to dedicate-- We decided two things for each fiscal year: We'd like to reduce leases through new construction, etc., consolidation; whether that be

with a municipality, another State building, whatever, by 10 percent. And at the same time, look at if there are other ones we can just close and move towards a super center.

I'll stop there and actually-- One other thing. We are, whenever we can -- do try to share space with the State government. Our Jersey City location, Motor Vehicle agency, also houses, I believe, the Department of Labor and maybe--

MS. HARRINGTON: Parole.

MS. COYLE: Parole. And our Trenton Regional Service Center -- which makes sense -- has the Department of Health Vital Statistics. So now, if you're a Hudson County native you can go in, get that new birth certificate, and turn around and walk in and get your driver's license. So we do try to look at combining services so that -- anything that makes it easier for the citizens to get around and get what they need in a timely manner.

And with that, I will close and answer any questions.

ASSEMBLYMAN CRYAN: Thanks.

It's safe to say that's what we're looking for. That's how it's just supposed to go. My three questions were going to be: What did you get out of this? And you've explained it immensely well. Do you have a plan as a result? And it's pretty clear you do. And your next course of action is laid out pretty well.

I just have a couple-- By laying out the inspection services, I think you've answered just about all my questions on the actual (indiscernible) tech. Because most of the ones that had really extreme numbers were the inspection services, I believe. Right? Like when I looked

at Atlantic, it had 723 percent -- and they explained it, and the flow, and it all made sense. Yea, huh? (laughter)

I just have a couple-- On Page 11, it's Hudson. It's one of the ones where we're actually, like in Bayonne, we're actually below. Is that a concern at all?

MS. COYLE: I'm sorry.

ASSEMBLYMAN CRYAN: Only because it's less than 100 percent, which is pretty rare. It's not a big deal, I'll just ask you, and I don't want to spend too much time.

MS. HARRINGTON: I don't think we have what--

ASSEMBLYMAN CRYAN: Eleven on the pink tab? Is that right?

MS. COYLE: I don't know.

ASSEMBLYMAN CRYAN: Are you with me, or am I--

MS. COYLE: No, I'm not with you. I'm sorry.

ASSEMBLYMAN CRYAN: I don't want to waste too much time on it.

MS. HARRINGTON: We can sit with you after this. I don't think we have the same--

ASSEMBLYMAN CRYAN: You don't have the document?

MS. HARRINGTON: --information that you have there.

ASSEMBLYMAN CRYAN: Oh, really? Okay.

MS. COYLE: Bayonne is not 100 percent used. But Bayonne is also a facility we are going to be--

ASSEMBLYMAN CRYAN: Don't worry about it. Look, the depth of what you did here, it's not worth doing it. Don't worry about it. And you went over Mercer, right, as well?

MS. HARRINGTON: It's a waiting area, Assemblyman.

ASSEMBLYMAN CRYAN: It's a waiting area?

MS. COYLE: Yes. Customer service waiting area.

ASSEMBLYMAN CRYAN: I think the other one was Mercer, that I had a question on.

MS. COYLE: And Bayonne is one of the agencies, actually, that we will be in the process of renovating because of the layout at Bayonne. We're staying in Bayonne, but we're redoing that space. But that's waiting area space.

ASSEMBLYMAN CRYAN: And all the other ones were inspection services, so-- I'm sorry I didn't read this thing Friday, I'll tell you that. Really well done.

Thank you. Thank you very, very much.

SENATOR SWEENEY: Thank you. Thank you.

Let me start off by saying, I think you've done a great job. I think that we're light years ahead of when we formed the MVC, compared to what we had. So, Sharon, you and your staff, I want to congratulate you, because you've done a phenomenal job.

And you answered one of my questions when I said, how long has the Motor Vehicles been around, the agency, 1938?

MS. HARRINGTON: Inspection services since 1938. Actually, we are celebrating our 101st anniversary.

SENATOR SWEENEY: Okay. I guess the centers where people go to get their licenses, how long have we been in that business?

MS. HARRINGTON: Again, since 1906, so--

SENATOR SWEENEY: And we might have been able to own those buildings by now. (laughter) And my point is that, just as in county governments and municipal governments -- and I know how populations tend to grow and move -- but if you're located in the county seat and you own the building, you're not likely to move, and at least we would have assets instead of paying all these rents. That's been my issue from day one. Certain industry, certain businesses -- and yours has been a success story; and I'm glad I voted for it.

But my point is, now, that when I look at all the centers -- and they're all leased -- we need to get out of the leasing and start to own them. And even with technology changing, at least we would have an asset to sell if we want to get out of it.

So congratulations, and congratulations on starting to build and own some. But I remember voting for that bill, and I think we need to progress completely out of a lease, in my personal opinion.

MS. HARRINGTON: And just for a historical context, until July of 2004, for about 20 years, the agencies had all been privately operated. So one of the things that the change in the law gave us the ability to do, was bring all of the employees back into State government -- all of the agency managers -- and then really have a handle and have some say over how -- which properties were leased or rented through Treasury; and to really pay attention to the construction, and to the operation, and the layout of that property.

So this has been a good thing. It's a work in progress. But we look forward to continuing to be guided.

SENATOR SWEENEY: And one last thing. We have -- and I just use it because it's in my backyard -- West Deptford, where I live -- it's a great facility. It houses a whole lot of governments in the private sector building. Why can't government -- and then own it? You know what I'm saying?

These are the things, as we start talking about planning and moving forward with all these different governmental agencies, where we build facilities that maybe serve a lot of the same population base. So again, Sharon, I think the agency's done an outstanding job, but I think we really need to see a plan on how we're going to progress out of leases into ownership.

MS. COYLE: Senator, I just want to say that West Deptford Regional Center is one of our model-type centers, because you can get everything done there. And that's exactly what we're trying to move towards. And West Deptford is an excellent example of that.

SENATOR SWEENEY: And that's what we're trying to get to, except that we don't want to be paying rent for 100 years.

MS. COYLE: Understood.

Thank you.

DEPUTY TREASURER SMARTT: Let me just ask one question, if the Chairman will permit a leading question, to follow up with what the Senator asked: Is it safe to say that you'd be amenable, as you do build Motor Vehicle facilities, to have other agencies either build on top or

build out, to be able to create government service centers with maybe Motor Vehicle as the main part of entry, but to share with other services?

MS. HARRINGTON: That is a good leading softball question. (laughter) And yes, indeed, we would be. Not only would we be more than happy to do that, the fact is that we take our role as customer service -- the face of State government, the customer service entry point very seriously, and we think that anything that we can do to help facilitate customer convenience is something that we want to do. And as we always talk with you, Bob -- Mr. Treasurer -- it's always with regard -- it's always providing that there are other sufficient resources.

So, thank you.

ASSEMBLYMAN CRYAN: So you're amenable, in the design phases -- like for example, in these 2009 facilities and so on -- that we can look, using this system that's now in place, and consolidate. And we can do that as part of the check-off process, maybe, as we do these things? All right?

Okay. Thanks. I'm sorry.

MR. MacCALUS: Okay, just a quick question, Denise.

This is sort of like following up on what Bob and I were talking about, and regarding Bill Dressel. In Bergen County, you have a problem with Englewood. Might this be a time that someone could make a few phone calls to, like, Bergen County or -- and see if they just have even temporary space to hold you guys?

MS. HARRINGTON: Some of that is already taking place.

MR. MacCALUS: Okay. I was just curious. You know, like, brainstorming, you know?

MS. COYLE: Thank you.

MR. MacCALUS: Okay, thanks.

ASSEMBLYMAN CRYAN: I got one other thing for you, and it's all good news. Since we met last, I had to go get a digital license. I know, this story, you hear it a million times. But you know what?

MS. HARRINGTON: We don't get tired of it.

ASSEMBLYMAN CRYAN: Fifteen minutes in, everybody polite and as nice as can be in the Springfield agency; and I was there when it was a walking nightmare. And you know, 15 minutes on a Saturday morning -- "How are you, how can we help you?" -- they check the documents right then and there. The Web site was real easy to make sure you had the right stuff. I mean, people pleasant, friendly, just a positive experience. And I appreciate today, too.

Thanks.

MS. HARRINGTON: Thank you.

MS. COYLE: Thank you.

ASSEMBLYMAN CRYAN: That was good.

Come on up.

How are you? Good morning. Whenever you're ready, Lisa.

L I S A E I S E N B U D: Good morning.

My name is Lisa Eisenbud. I'm the Chief of Staff at the Department of Children and Families. On my left, I have Lisa Alexander Taylor, our Director of Administration.

Thank you for the opportunity to appear before you today. As the Chief at DCF, I'm charged with overseeing the management of our space utilization in both leased and State-owned properties. We continue

to be committed to seeking stable, cost-effective, long-term space solutions for our operations, since we recognize Child Welfare services will continue to be needed by New Jersey's most fragile children and families.

Since we last appeared before you, we have frozen any operational focus on new leasing, and have been working aggressively with Treasury's Division of Property Management and Construction to diagnose our space issues and intensely focus on maximization of the State's current expenditures in leased and State-owned properties. We've conducted comprehensive reviews of DCF's current locations where vacancies are present, and wherever possible have identified efficiencies in order to provide relief from severely overcrowded conditions.

For instance, the critical Mercer County shortfall reported to you when we submitted our long-range space plan has already been resolved by reconfiguring our existing space in that office. Following your advice and counsel to maximize State assets across departments, as you've already heard, we recently reached an agreement to colocate with MVC at the Trenton Office Complex, beginning in June 2007. We'll be moving 154 licensing staff -- you've already heard about that -- from Carnegie Center in West Windsor, resulting in a significant savings to the State.

I want to thank Sharon and her staff, who have been very, very cordial to this idea of colocating, and have made this kind of work, which is really unusual for State government, very easy.

In another recent negotiation, the New Jersey State Library has made 35 cubicles available to us to house staff from the Office of Information Services that will also be moving from Carnegie Center.

Similarly, our conversations with the Department of Labor have led to access of One-Stop Centers around the state for DCF staff training. We have an interagency agreement with the Department of Education to use office space in classrooms at the Marie Katzenbach School for the Deaf, here in Trenton. And at our own Monmouth County Campus, formerly known as the Arthur Brisbane Child Treatment Center, which was vacated when we closed the child psychiatric services at the end of 2005, we're now conducting a large portion of DCF staff training.

Yet despite these successes, we still lack viable solutions to critical space shortages in some of our offices. We continue to evaluate pockets of available space in some of our locations, much of which we have plans in place for better utilization. The current challenge is, though, in order to meet our Federal Court settlement commitments, we added 429 frontline direct care staff in FY '07 to enhance our adoption practice, continue to reduce caseloads, and just overall improve the quality of our practice. As a result, several of our already burgeoning offices have seriously exceeded their capacity to accommodate our staff and operational needs. This is particularly critical in five counties -- Burlington, Middlesex, Ocean, Somerset, and Union. The chart that follows provides details about the space shortfall in each one of these counties.

I won't really spend any time going through this; I know that you've been provided with significantly more detailed information, as well, from the Department of Treasury. You'll just note, on the lefthand side of the column, the counties with the critical space shortfall outlined on the side.

In many of these offices, multiple staff are conducting business sharing a single desk, and conference tables now have workers seated as their assigned work station. We've created space for new supervisors by converting storage rooms and interview rooms into office space. We've displaced files and supplies to hallways and aisles. Reasonable work conditions are critical to our expectations that our staff will complete paperwork timely, make necessary collateral phone contacts, and conduct business in an organized and appropriate fashion.

Unfortunately, the overcrowding also has an impact on the children and families we serve. Supervised parent visitation, alcohol and drug screening, nurse evaluation of children's health status, and family meetings are all routine business operations that must continue within these offices, and are sometimes impacted by the overcrowded work conditions. There is also a shortage of parking for staff and clients visiting the offices. We are in desperate need of assistance to relieve the now untenable situation created by overcrowding in these particular offices.

So with that, I thank you for agreeing to consider two leases today on your agenda. The Burlington and Somerset requests before you today were initiated in 2004, but still reflects need in two of the five overcrowded counties. We are currently at a combined shortfall of over 30,000 square feet in these counties. If approved, these leases would provide a long-term solution to Somerset's space problem and go a long way to resolving Burlington County's space shortage.

If I may now turn your attention to the section marked *Maps* in your material we provided for you today, you'll find maps depicting the five counties with the largest DYFS office space shortages in the state. We have

detailed each map to indicate the location of our current offices, and the municipalities with the largest concentration of children and families under our supervision or custody. Locations have historically been selected with the priority on access to and for families.

Please indulge me, in the interest of time, with only a brief review of Union County. In Union County, our office in Elizabeth is in a crisis. There are over 830 families from Elizabeth involved with DYFS alone. In order to reduce our caseloads, we've had to add significant numbers of new staff there. The current shortfall is about 12,000 square feet of space in Elizabeth alone, and almost 25,000 square feet in the entire county. The area manager does not know what to do, frankly, as he does not have a single new space to seat a new worker at this time.

After striking out with locating any current space that's vacant within State leases, I've personally contacted the local hospital, the Prosecutor's Office, other agencies we contract with, and have not been able to find any alternatives to this problem. We know that more than 10,000 square feet of space is currently vacant and available in the same building as our local office in Cranford. And at this point, we think we might have to pursue an emergency lease in this space to seat staff in Union County and to relieve the space shortages. Though I must acknowledge that the Cranford space would relieve the overcrowding, optimally we would like to remain in Elizabeth, where the overwhelming majority of our Union County families resides. Again, we would welcome any suggestions you may have on space options in Union County and how we can better utilize State assets to meet our needs.

In Ocean County, let me just state that the existing deficit of 20,600 square feet in this County is also critical. I have an error in my testimony, I apologize. It's 20,600. We respectfully request the Committee's approval to explore leasing vacant space in one of our current locations that is both adequate and available to meet our urgent need there. We've learned that between 9,800 and 12,000 square feet of space is available in the same building as our Ocean County area office in Toms River. But again, we would appreciate any guidance or remedy on these operational emergencies.

I'd like to invite the Committee to visit some of our offices to see these conditions firsthand, if you would be interested, and would be happy to arrange a tour at your convenience.

Thank you for your time and consideration, and we're available to answer all your questions.

ASSEMBLYMAN CRYAN: Thanks. Thanks a lot.

What did you get out of this, in terms of actually laying out the plan the way it is? You guys are in a little different mode because you have money and employees, which I know is fairly unique these days. But what did you get out of it, in terms of the actual LBAM process?

MS. EISENBUD: Well, I think that we are trying to balance accessibility to -- and quick access to -- families, with the kind of reengineering and efficiencies that we want to have happen. And it has been a whole new day here in terms of collaboration among State agencies, as some examples that you've heard. So we want to remain operationally flexible to the Department of Treasury to colocate, or-- In some of these counties that I was talking about today -- Ocean and Union -- these are just

a few suggestions, just because we don't know what else to do at this point. But I think we've learned that if we can continue to take a look at what we currently manage or lease, that we can find efficiencies. We're trying to hold out for that here as well, but I just -- we're sort of struggling a bit, I'd say, in a few places.

ASSEMBLYMAN CRYAN: Well, you still struggle because you have employees and no space, right?

MS. EISENBUD: Yes. Yes.

ASSEMBLYMAN CRYAN: I'm looking at Frank, who I know would be delighted to volunteer to assist in the Union County effort. Would that be right, Frank?

MS. EISENBUD: Oh, great.

ASSEMBLYMAN CRYAN: He was raising his hand as you were behind him.

MS. EISENBUD: All right, great. Great.

ASSEMBLYMAN CRYAN: I have a couple of other questions for you that -- and then I'll move on.

Just looking through these charts -- these that we got -- which is--

L I S A A L E X A N D E R - T A Y L O R: The LBAM?

ASSEMBLYMAN CRYAN: Right. Which we got ahead of time. Like in Cape May where, if I read it right -- 40 percent in some areas. Is that right? I mean, some of them jumped out, and maybe just because the load isn't there. I'm just going to ask you about some of the numbers, and if you can just give us a quick comment on it. It's on Page 5 of--

DEPUTY TREASURER SMARTT: What color?

ASSEMBLYMAN CRYAN: It's behind the pink.

DEPUTY TREASURER SMARTT: Behind the pink.

ASSEMBLYMAN CRYAN: Do you see where I'm looking?

MS. ALEXANDER-TAYLOR: Yes.

ASSEMBLYMAN CRYAN: Cape May, Cape May City -- 44 percent utilization.

MS. ALEXANDER-TAYLOR: We recently opened offices down in Mays Landing, and we're in the process of moving staff over from the previously overcrowded Atlantic City office over to Mays Landing.

ASSEMBLYMAN CRYAN: So this 44 will get opened-- Well, this is Cape May City, right? Did I read it right?

MS. ALEXANDER-TAYLOR: Which one?

MS. EISENBUD: Are you looking at the county detailed one, or the summary sheet?

DEPUTY TREASURER SMARTT: It's 428, the county detailed.

MS. ALEXANDER-TAYLOR: Okay, yes. Down at the Cape May Court House. I'm sorry. I was talking about Atlantic County.

Yes. We are-- Some of it will represent new growth. We have -- I'll tell you how many are coming in. All of our staff is there at this point, and then we will be shifting staff from Atlantic over to Cape May. But this underutilization, I think, represents -- we have 20 available spaces there.

ASSEMBLYMAN CRYAN: There's no great theory to this. I looked at the percentages and said, you know, some of these really look off. I mean, is there a plan to raise that? Is there-- Is somebody going to utilize these spaces, or is 44 going to either to zero, or a hundred, or more?

MS. ALEXANDER-TAYLOR: Yes, we won't be utilizing the space.

ASSEMBLYMAN CRYAN: Okay. And where are those employees coming from?

MS. ALEXANDER-TAYLOR: Most of them will probably come from Atlantic, but I could verify with our DYFS Director, just to be sure. I don't have that specific information here with me.

ASSEMBLYMAN CRYAN: Specific one there--
And let me just ask you about a couple more.

MS. ALEXANDER-TAYLOR: Sure.

ASSEMBLYMAN CRYAN: And if you don't know, I mean the world doesn't end. Just let me know.

Page 8, which was in the same mode--

MS. ALEXANDER-TAYLOR: Eight?

ASSEMBLYMAN CRYAN: --you brought up Newark. But, I mean, the Newark one is 745 percent. It's one of your crisis areas, I assume -- Newark North/East?

MS. ALEXANDER-TAYLOR: Actually what we're doing in Newark is shifting around from our various offices. We had space at 33 Washington Street in Newark, which we are now moving staff from Maplewood down there, and then moving staff over from East Orange and Bloomfield, which are bursting, over to Maplewood. Because part of the issue is, while this is all Essex, we are still mindful of the fact that we have to have access for our families. And so it's actually easier to move the staff from Bloomfield and East Orange, where we have some shortfalls, over to

Maplewood; move the Maplewood staff, which was the area office, which doesn't have so much client contact, down to Newark.

ASSEMBLYMAN CRYAN: I follow you to some extent, but just help me. Because it's -- Newark South-- Like we jumped off the page on this one. Newark South is at 67 percent. Newark, the adoption office, which is maybe something a little bit different, is at 59 percent. And then Newark North/East -- is that the areas that you've been referring to with Maplewood and so on? Is that 745?

MS. ALEXANDER-TAYLOR: No. All of these are actually within the building at 153 Halsey Street. We're occupying three or four floors there, full floors.

ASSEMBLYMAN CRYAN: So North/East and South are in the same building?

MS. ALEXANDER-TAYLOR: They're all in the same building.

ASSEMBLYMAN CRYAN: God bless you. How do you do that? (laughter)

MS. ALEXANDER-TAYLOR: They're all in the same building. We have four or five offices in 153 Halsey Street. So there's always flexibility for us to be able to shift upstairs, shift downstairs, and still be able to deal with our clients there.

ASSEMBLYMAN CRYAN: Okay. And is that the same thing with Essex East? I mean, is that--

MS. ALEXANDER-TAYLOR: Essex East and the IAIU Metro -- those are the units that they moved from up in Maplewood down to 33 Washington Street.

ASSEMBLYMAN CRYAN: Okay. That's--

MS. ALEXANDER-TAYLOR: So they're sharing space too. So if you see, like, a little differential between a line, those are the lines in terms of a number of staff that are truly assigned to that office. They may, however, be moving across or in between floors to be able to equalize.

ASSEMBLYMAN CRYAN: Okay.

I had questions about Union, but you answered those pretty significantly. I'm sorry, one or two more if you don't mind. I'm sorry, my notes are a little shaky. Oh, Atlantic looked underutilized. And then you talked about Atlantic a little bit today, which is Page 1. Because some of these numbers, as you went through these two, which both you and Motor Vehicle were so incredible high-- Motor Vehicle was pretty -- once they explained that it was inspection centers, you could pick up the rest of it. But in your case, like even if you open up, Atlantic East is at 67 percent. And then -- I mean, if you could just kind of take us through that a little bit. And one of them is at 24 percent, on the same page. If you could just kind of take us through it?

MS. ALEXANDER-TAYLOR: Yes.

MS. EISENBUD: Lisa can take you through the details. The diagram was actually wonderful for MVC. What we have been experiencing as we've been going out and looking at sites is the fact that every site is different. So you might enter one site in Perth Amboy where there are huge corridors, not -- we're not able to utilize them for any kind of space, but they're huge corridors. Those are factored into some of these per-square-foot kind of analyses. So that point was raised before. I did want you to keep that in mind so that -- that's sort of one of the issues, as we look through this.

ASSEMBLYMAN CRYAN: Does the 200-foot rule matter, the 200 foot that we talked about earlier -- Eddy talked about when we opened up.

MS. EISENBUD: Yes.

ASSEMBLYMAN CRYAN: Is that as relevant to your folks?

MS. EISENBUD: Absolutely. Because it really depends on the use of the space. We also have the same sized standard cubicle space that we now actually have, in these kind of counties, multiple people sitting in. And it does factor in for us conference rooms, if there's an interview room for addictions counselor, for a family to be interviewed.

ASSEMBLYMAN CRYAN: Right. You need privacy.

MS. EISENBUD: Yes. So all of the shared, congregate space is factored into the per-square-foot analysis.

ASSEMBLYMAN CRYAN: And let me follow up, before we go to the answer to that question, one other thing which Treasurer Smartt talked about. This idea of facilities that we might buy, or build, or things like that. I assume, since you worked well with Motor Vehicles on this, since you're one of the agencies with dollars down the pike, can actually realistically look at something and maybe buy it someday.

MS. EISENBUD: Yes. We think it's a terrific idea.

ASSEMBLYMAN CRYAN: And you'd be able--

MS. EISENBUD: I mean, we want to have the same accessibility that they do, so it's a terrific idea.

ASSEMBLYMAN CRYAN: Anything -- if not, you can just get back to me? I'm not going to press it too much. Do you have it?

MS. ALEXANDER-TAYLOR: Yes, I do.

In Atlantic, we recently opened an office there, and we are filling those spaces, I think it was like within the last month. We also, in Atlantic County, have space that we recently vacated that still is showing up as part of our equation here. It was leased space at 852 South White Horse Pike in Hammonton, and Treasury is working with us to be able to backfill that space with other tenants. We maintain some space there -- but clearly, we don't any longer have a need for all of it -- while we were waiting for our new office to open, which just did, in February.

ASSEMBLYMAN CRYAN: So which of these numbers actually goes away then?

MS. EISENBUD: The one that goes away is the one that you're seeing -- the last one on that page. The IAIU Southern office; and the Cumberland, Salem, Gloucester area office will eventually go away.

ASSEMBLYMAN CRYAN: And the numbers above it--

MS. ALEXANDER-TAYLOR: These staff will start to feed into that -- these vacant spaces here.

ASSEMBLYMAN CRYAN: To these. Okay.

Two other quick questions for you. Did you find any surprises when you did this?

MS. ALEXANDER-TAYLOR: Yes, we did. We found that we have (indiscernible) the space over time and really over-used it, for a lack of a better term. That if you ever went back and looked at that 200 square feet, that's what the metric is. However, in any number of our offices, we're actually operating at like 131, 130. We've done things where we've reduced the cube sizes to six-by-eight. And while that might be economical in some ways, it really does affect our functionality. As we went around

and visited some of the offices as part of this process, people just don't have anywhere to work, truly. That's a small desk. And you figure, that might be all the space that you need to be able to do what you have to do with a laptop or a computer. But in our local offices, we've got the infant car seats, emergency supplies for our children and families, and there's kind of no where to put them. They've taken--

ASSEMBLYMAN CRYAN: Plus you guys are fighting an employee turnaround too, right?

MS. ALEXANDER-TAYLOR: I'm sorry? Yes.

ASSEMBLYMAN CRYAN: You guys are fighting the employee turnaround, the morale issue, and the rest -- with the rest of the things you've got going, more so than any other agency, right?

MS. ALEXANDER-TAYLOR: So it's tough, and they're doing what they have to do under these conditions. But I guess what I've learned about this is, it's not limited to square footage. It really is, do you have the interview room that you need to be able to do your work? It is, they've taken space and converted it into the break room/conference room/storage room, and so on. And then when managers have to be able to meet with their staff, they have to use the church next door, because we don't have any space within our office to be able to help them do what they need to do. So that was something that we learned as part of this, that it's not just about the numbers.

ASSEMBLYMAN CRYAN: How hard was it to put this together for you guys?

MS. ALEXANDER-TAYLOR: It was difficult. (laughter) It was difficult. Mostly because we had to break it down to floor. And so

when you get into buildings, like 153 Halsey, where we've got something like 25--

ASSEMBLYMAN CRYAN: Where you have the South on the one floor and the North/East on the -- yes, I'd like that.

MS. ALEXANDER-TAYLOR: Yes, 25,000 to 40,000 square feet, and people have learned to move within space and take over interview rooms and things like that. It's difficult to now realign them as to where they really ought to be, and not have 700-over in one floor, and seemingly under on another.

ASSEMBLYMAN CRYAN: And the last thing is Somerset. Did you have an issue with a lease in Somerset anywhere?

MS. ALEXANDER-TAYLOR: We have one on today.

ASSEMBLYMAN CRYAN: Okay. All right. I'll wait until we get there. All right.

Senator.

SENATOR SWEENEY: I am sure it was quite hard to put this together. And that was the purpose of it, is that -- since I've been here -- is we're rushing to approve leases, and there really is no plan. There still isn't. Do you know what I mean? And this is the problem that I'm saying: Is in some places you have 130 square feet per employee, which is probably too little. In some place, you have more. And I understand the need to get the agency up and running, and getting the employees in place, but what is the long-term plan? Is it these are temporary placements? Because that's what we were told -- temporary placements. We're just occupying these spots for now. What I'd like to see is the long-term plan five years from now, where you're not in temporary accommodations, because a lot of these leases are

two-year leases, I think. Am I correct? We were doing some short-term leases before. We were doing some real short-term stuff. That's one question.

And just out of curiosity, I was looking at Burlington County, and it said staff is 254, and it's 500 people roughly.

DEPUTY TREASURER SMARTT: It's in your chart.

SENATOR SWEENEY: Page 4 of 9. And there's roughly 500 people, or families, that are being served. Is that the -- it's two-to-one? Is that the average in the state? Because we were hearing, maybe this is not for their -- quite for them -- but we're hearing about caseload, and I'm looking at the numbers, and it's like two-to-one in almost every single county.

MS. EISENBUD: You know what, I think-- Well, let's see. If I could take your second question first.

SENATOR SWEENEY: Okay.

MS. EISENBUD: Well, we would be more than happy to provide you with detailed information on caseloads, which we--

ASSEMBLYMAN CRYAN: We will in a couple of hours, right?

MS. EISENBUD: I was going to say, in Committee this afternoon; or even to spend some time with you directly on that. That's definitely not a two-to-one ratio currently on our caseloads.

When you look at the staff numbers, I just briefly mentioned it, but one challenge for us, and something for you to keep in mind, is that we actually colocate in our offices with DYFS. We make space for DYFS DAGs; Human Services police officers, who are on the payroll of the

Department of Human Services. We have certified addiction counselors and nurses, who are all colocated in our offices. So when you look at our hiring numbers or our personnel numbers and then compare them to here, they are significantly different, and it's because of that.

SENATOR SWEENEY: Well, how many employees do you have in Burlington County?

MS. EISENBUD: So we have 222 currently and seven more to hire.

SENATOR SWEENEY: They're you employees?

MS. EISENBUD: Yes.

SENATOR SWEENEY: Well, that's two-to-one. I mean, based on the numbers. See, I sit on the Budget Committee also, and this is one of the departments -- Human Services is one of the departments that is the hardest one to get your hands around. And there's been so many tragedies in the department. Obviously, we knew there was a need. But the question is, are we overstaffing too?

MS. ALEXANDER-TAYLOR: But these numbers that you're looking at, Senator, with the number of families served, these are just our top four in that county. We didn't resite all of them. We were picking the largest concentration to be able to show where we ought to be and how are we with proximity to our families.

SENATOR SWEENEY: Well, that would be helpful if you could give us -- I know you're going to be talking about this, maybe you can get that answer in your next Committee -- but I would like to know, honestly -- since we're saying this is the county being served -- I'd like to

know not just the top four, I would like to know the total numbers of families, if you can.

MS. EISENBUD: We'd be happy to provide that to you. We'd be happy to.

SENATOR SWEENEY: And again, I would like to see a real plan. I mean, I understand this has been difficult to put together, and starting an agency from the ground up, but we still want to see a plan.

MS. EISENBUD: Yes. We took the long-range space plan that we had prepared for the last meeting, and frankly, we've put it on hold. Because I think we should continue to work this process for a few more months to see how much efficiency we can squeeze out. Because frankly, we can modify our plan depending on -- with a goal towards efficiency with these kinds of initiatives. So absolutely. And if we could take a few more months to try to come up with some of these creative solutions, we'd be happy to provide you with one.

SENATOR SWEENEY: Thank you.

ASSEMBLYMAN CRYAN: I appreciate it. We're going to do your two leases next, all right?

MS. EISENBUD: Okay.

ASSEMBLYMAN CRYAN: And I appreciate this very much. And then we're going to do every department. Just so you know, we're obviously going to follow up and look for those long-term plans and do those things. You can tell we're committed to this thing. So I appreciate that.

We're going to go ahead and do their leases next.

MR. MacCALUS: Sure.

Okay, Steve, would you like to present them, or-

The Director, Steve Sutkin, will present the leases and everything else.

ASSEMBLYMAN CRYAN: Whenever you're ready. We're doing 3 and 5, right?

MR. MacCALUS: Right.

STEVEN M. SUTKIN: Yes, good morning.

ASSEMBLYMAN CRYAN: Good morning.

MR. SUTKIN: The first item on the agenda which you'd like to consider is notice of proposed lease No. 4599; it's for the Department of Children and Families. It's a lease that's to be located in Somerville. It's a 10-year lease. You'll find it behind Tab No. 3 in your book. It's to house 107 DCF employees in the Somerville local office. It was an advertised requirement. This was the most cost-effective lease received of the three proposals that we received, and it's submitted for your approval.

ASSEMBLYMAN CRYAN: Okay. But Somerset wasn't bad in a long-term plan, right?

Did they leave or are they still here?

MS. ALEXANDER-TAYLOR: (speaking from audience) Yes. It's one of our five critical.

ASSEMBLYMAN CRYAN: It's one of your five critical, okay.

Oh, the 355K in contract costs. See, I'm looking at my notes and then trying to refer back, so I apologize. I'm just a little behind. Is there 355,000 in this thing? Well, what's that for?

MR. SUTKIN: The renovation work required to fit out the facility for DCF's needs.

ASSEMBLYMAN CRYAN: Because one of the things that gets me on all these leases -- one of them today is a million-six -- is these renovation costs and how they get factored in. What does the 355 actually do, does anybody know? Renovate what?

MR. SUTKIN: It renovates the space to suit the needs of the agency, PEOSHA requirements, the State's standards specs.

ASSEMBLYMAN CRYAN: Okay. You know I'm going a little more specific than that.

MR. SUTKIN: But when you add it in, it comes up to a more--

ASSEMBLYMAN CRYAN: But this is existing office space, right? Is it not?

R O B E R T L a B A T E: No, it's not our existing office space. It will be the--

ASSEMBLYMAN CRYAN: No, no. It's not our existing office space, but it's an office space, is it not -- this main--

MR. LaBATE: I believe it's older office space that needs to be renovated to the contemporary standards.

ASSEMBLYMAN CRYAN: Okay. So just somebody explain to me, as a legislator, what does 355,000 buy you? What are you actually doing for the 355? What is the guy doing, the landlord?

MR. SUTKIN: He's fitting it out in accordance with the State standard specifications. I can't speak to the exact details, but I can call somebody up, possibly, to talk about what--

ASSEMBLYMAN CRYAN: You know, I'm going to ask this on all the rest of them -- and one of them is a million-six. I mean, some of

them are really staggering, and I don't get. If you're taking office space, you can just-- I mean, what's wrong with-- What's so far behind standard?

DEPUTY TREASURER SMARTT: I guess another way to answer the Chairman's question is, what does it look like now and what's it going to look like when it's done, and what are the improvements and what are the costs? Is that -- Mr. Chairman?

ASSEMBLYMAN CRYAN: Yes.

PAUL CAMPANELLA: Good morning.

Paul Campanella, DPMC--

ASSEMBLYMAN CRYAN: Paul.

MR. CAMPANELLA: --lease negotiator.

Part of the reason for the fit-out costs that you see -- and that's consistent with all spaces -- is that we must abide by what they call a *Schedule B*. It's a standard and specifications for all leased space that is very detailed -- certain CFMs on a longer-term lease. And you'll see that--

ASSEMBLYMAN CRYAN: CFM means what?

MR. CAMPANELLA: Circulations, the force of air. It's the circulation factor, fresh air into the building.

ASSEMBLYMAN CRYAN: Okay.

MR. CAMPANELLA: What happens in a long-term lease, we are asking for requirements that are going to last the asset of -- the improvement is going to last for the longevity of the lease. So that includes replacement of all new -- HVAC system, heating, ventilation, and air conditioning systems. The space is being laid out to a design that they bid on -- configurations, room sizes, current conditions, a lot of demo work -- in order to lay out the space how it needs to be laid out. Carpet specifications.

Every piece of the building and the fit-out has a specification that the landlord must do precisely, exactly how it's laid out in the spec.

ASSEMBLYMAN CRYAN: So we tell him the carpet--

MR. CAMPANELLA: We tell him the ounces--

ASSEMBLYMAN CRYAN: But the CFM and the Schedule B, is that the State mandate or is that a Federal requirement?

MR. CAMPANELLA: That's a Federal OSHA mandate.

ASSEMBLYMAN CRYAN: Okay. So is--

MR. CAMPANELLA: I mean, there's very specific circuitry for the electric, for the cubicles, wiring requirements. It's all that stuff. How we want the spaces, how they're bidding on it, and how it's factored into the cost.

ASSEMBLYMAN CRYAN: Okay. And then what are you going-- This is a 10-year lease with two five options, right?

MR. CAMPANELLA: That's correct.

ASSEMBLYMAN CRYAN: So for that, you'd make that investment?

MR. CAMPANELLA: Correct. Correct.

ASSEMBLYMAN CRYAN: Okay.

MR. MacCALUS: These code compliance--

MR. CAMPANELLA: Everything is--

MR. MacCALUS: Or are they agency and code compliances?

MR. CAMPANELLA: Well, some of it is agency specification. But ultimately, it has to be code compliant from the municipality--

MR. MacCALUS: Right. Okay.

MR. CAMPANELLA: --and State laws as well. All ADA requirements, all handicap accessible -- all public areas and bathrooms all have to be--

ASSEMBLYMAN CRYAN: Yes, but they're there already. That's what I-- That's my thing, the building's there. It didn't, you know--

MR. CAMPANELLA: Well, the thing of it is, when you get an employee count, there's so many-- When you have that many employees, there's a specific amount of toilets that have to be provided for that space based on that specific number of employees, by code. All right? So all that has to be presented, and accounts for the cost as well. It also--

What else is there, John? Well, wiring and circuitry, telecom.

SENATOR SWEENEY: But, you know, if it's an office space, those things are factored in with bathrooms to start with, unless you're going to double the employees for the same amount of space. Do you know what might be helpful -- and Chairman, this is a request -- that if we could get, with these descriptions, some pictures.

MR. CAMPANELLA: Of existing--

SENATOR SWEENEY: Of the building you're leasing, the exterior and the interior, to go with this; if that's not out of line. You know, a picture is worth a thousand words, you know what I mean? Because the argument you're making right now is, unless the building is really old, then the building is compliant for bathrooms and ADA, and everything else, unless-- How old is the building? Let me ask a question. This building, how old is it?

MR. CAMPANELLA: I'm not quite sure. It's probably 20 years old.

SENATOR SWEENEY: Okay. Well, they've had businesses in there, right? Has it been dormant for 15 years?

MR. CAMPANELLA: No. It's occupied.

SENATOR SWEENEY: Well, then--

MR. CAMPANELLA: It's actually occupied now.

SENATOR SWEENEY: --they had to meet ADA standards and all these other standards. I mean, you would think--

MR. CAMPANELLA: But as you reconfigure, all right--

SENATOR SWEENEY: Yes, I understand that. But there's only so many square feet that you're renting. So there's only so many people you can put in it.

MR. CAMPANELLA: No, I--

SENATOR SWEENEY: I guess -- and listen -- you might be 100, you might be 1,000 percent right.

MR. CAMPANELLA: You're looking--

SENATOR SWEENEY: But for people like myself and the Chairman--

MR. CAMPANELLA: Right.

SENATOR SWEENEY: --to say, "Okay, well, I've got to rebuild the bathrooms." When's the last time they were done? These are questions that we're going to ask over and over and over again. When was the building, that's 20 years old, upgraded to meet ADA compliance? How many people were on that space prior to vacating it? How many people were you putting on it that we need to upgrade this or upgrade that? They're the questions we're going to ask.

MR. CAMPANELLA: Right. And the other thing I think it's important that you have is -- I don't know if you ever saw it, the Schedule B, our Schedule B specification -- that's about this thick. (indicating)

SENATOR SWEENEY: Well, we have to look at that too, I think.

ASSEMBLYMAN CRYAN: Send us one.

SENATOR SWEENEY: Send us one. Please copy it, if you would.

MR. CAMPANELLA: All right.

SENATOR SWEENEY: But, through the Chairman-- But again, we're going to ask these questions time and time again, especially-- Again, the laws with ADA compliance and everything else, these people are in compliance. I assume the building is in compliance, right?

MR. CAMPANELLA: It's in compliance, but it may not be in compliance to the new OSHA standards, with the air flow and the fresh air, all the additional ductwork.

SENATOR SWEENEY: Well, we would need -- we should have--

MR. CAMPANELLA: I mean, it's site specific, what needs to be done.

SENATOR SWEENEY: Yes, I understand. Every site is different. I understand that.

MR. CAMPANELLA: I know.

SENATOR SWEENEY: And every building is completely different--

MR. CAMPANELLA: Right.

SENATOR SWEENEY: --on the construction. I know that.

MR. CAMPANELLA: Right.

SENATOR SWEENEY: But what would be helpful to know is, if you could say, "Why do we have to do new heating and air?" Is it an OSHA new standards, or when was the last time it was replaced? We'd like a little more details before we start spending all this money on renovations. We know we've got to spend money to retrofit. We know that.

MR. CAMPANELLA: Right. It comes out to -- what? -- 15 bucks a foot, if you're looking at it from a square foot basis--

SENATOR SWEENEY: Yes.

MR. CAMPANELLA: --on a rehab or a rental.

SENATOR SWEENEY: But if we could get, again, pictures--

MR. CAMPANELLA: Right.

SENATOR SWEENEY: --and a little more detail on those issues.

MR. CAMPANELLA: Okay.

ASSEMBLYMAN CRYAN: But the way I look at is, it's 481,000 a year, over 10 years -- the guy's getting basically a \$5 million commitment for 107 employees to walk through his building and upgrade it. And it sure seems to me like that's plenty of cash to have a commitment for, that why are we blowing another 355K in a building that's 20 years old? So I recognize that you can look at it one way or the other. I'm looking at it, I admit, half empty. But it's a \$481,000-a-year lease, right?

MR. CAMPANELLA: Right. And it's also--

ASSEMBLYMAN CRYAN: For 97 to 107 employees?

MR. CAMPANELLA: Right. But it's also -- what's the affective cost on that lease, the square-foot cost here?

ASSEMBLYMAN CRYAN: It's 20-something, whatever.

MR. CAMPANELLA: Twenty-one dollars, level, for 10 years, going forward for 10 years -- including the renovations and utility costs, which is a pretty solid deal in today's market in Somerset County.

ASSEMBLYMAN CRYAN: You're good with that deal?

MR. CAMPANELLA: I'm very good with that. Short of buying them, and I agree with the stance to buy them. But to get things done now, to make this work for a long-term deal, we're locking in for a good fixed dollar amount over the next 10 years that will be below market, in my opinion, going forward.

ASSEMBLYMAN CRYAN: And the five-year options? Then out of curiosity, at 27 and 31, you're all good?

MR. CAMPANELLA: All to be renegotiated at a later date, depending on market conditions. It's our option. So nine times out of 10, we're going to renegotiate, depending on market conditions.

MR. SUTKIN: They're unilateral.

SENATOR SWEENEY: Chairman, this plays back to my point: If we plan on being somewhere 20 years, we should own it.

MR. CAMPANELLA: I agree with you.

SENATOR SWEENEY: I mean, we're not moving that, so we should own it. Do you follow me?

ASSEMBLYMAN CRYAN: It's what-- It's--

SENATOR SWEENEY: If you plan on being there 20 years, your debt service, if you bond for 20 years, I'm curious what that square

footage would be. And if you can do this and come back -- not, obviously, today -- the amount of square footage, what it would be in debt service, if you can get estimates on that stuff and find out what it would cost to rent-to-own, and what the difference would be.

ASSEMBLYMAN CRYAN: Yes, I mean, unless I'm mistaken, we're locked in here now to somewhere around well over-- If we do the options, we're locked into over \$10 million over 20 years. Well over it, right, realistically? I mean, it sure looks, as you sit here, to go, "Gee, that's an awful lot of money for 107 employees over 20 years, when maybe we could own something." It does.

MR. CAMPANELLA: I understand, and I hear you. It's just allocating the funds to make it happen in a timely fashion to build.

ASSEMBLYMAN CRYAN: As we continue it down the road of quality improvement.

MR. CAMPANELLA: Correct.

ASSEMBLYMAN CRYAN: Okay. All right.

Any other questions? (no response)

Do we need a motion on this?

SENATOR SWEENEY: Motion.

MR. MacCALUS: Yes.

ASSEMBLYMAN CRYAN: Motion and second.

MR. MacCALUS: Okay. On the motion for Tab No. 3, which was NPL 4599, Department of Children and Families in Somerville.

Chairman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: And Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: Okay, this has passed.

ASSEMBLYMAN CRYAN: And now we're going to do -- what, 5? Which one is that?

MR. MacCALUS: Tab 5 -- NPL 4604.

Steve.

MR. SUTKIN: Yes. This is the lease for DCF in Willingboro. Again, like the Somerville lease, it was an advertised requirement. We received four responses ultimately. It's for 123 employees and 23,000 square feet. The effective rate is \$25.90, and it's for DCF's Burlington local office.

ASSEMBLYMAN CRYAN: Okay. Let me ask a couple of things.

First, is it for 123 or 103 employees, just out of curiosity?

MR. SUTKIN: Unless I wrote it down, I have 123.

MR. CAMPANELLA: One-two-three.

ASSEMBLYMAN CRYAN: I thought I saw a thing where it was for 103.

This thing has a pilot tax. Did you notice that? Can you kind of take us through that and what the effect is on the lease?

MR. CAMPANELLA: The pilot tax in this situation is a predefined dollar amount up front, so we know what the taxes are going to be years one through 10, specifically. It's not like our typical lease where, after the first 12 months creates the base or a set dollar amount for base-

year taxes, and then is escalatable over the life of the lease. This is predetermined, predefined by the town, based on an urban renewal project, and this is an urban renewal project.

ASSEMBLYMAN CRYAN: And how long is the pilot, do you know?

MR. CAMPANELLA: It's 10 years.

ASSEMBLYMAN CRYAN: So--

MR. CAMPANELLA: So that in year 11, if we renew, the year-10 taxes would be the base.

ASSEMBLYMAN CRYAN: Which is the same as year one, is what you're telling me?

MR. CAMPANELLA: It's a different-- No. It starts out low in year one.

ASSEMBLYMAN CRYAN: Right.

MR. CAMPANELLA: And then it's level for maybe two or three years, and then it steps up each and every year. That's why we stated a blended rate, just to show you. Because it's actually about six or seven different dollar amounts over the 10 years that the tax increases -- or steps up to, say.

ASSEMBLYMAN CRYAN: Okay. Now, the chief of staff made it clear that this property is needed. But can you explain to us what the 1.675--

MR. CAMPANELLA: It's just the cost of the project that's included at the end -- our end product. The turn-key operation, when it's all said and done, when we move the furniture in there and plug in the

computers, that's what the project cost is for getting this space the way it needs to be in accordance to our Schedule B requirements. It's all the same.

ASSEMBLYMAN CRYAN: The other one was around the same space, if I recall right, right? Three -- without flipping through here -- 20,000 or so square feet, wasn't it?

MR. CAMPANELLA: Yes. I mean--

ASSEMBLYMAN CRYAN: I mean, this one is four or five times the cost. What's the deal? I mean, a million-six-- Guys, you know, in the next five minutes we're going to spend \$2 million for landlords to improve workspace.

MR. CAMPANELLA: This is a-- Right. This is a shell building. It's the former Sears retail site on Route 130. So it's a shell, basically a shell. That's all it is. So everything has to be done from scratch, including plumbing, jack-hammering the floors, the sprinkler systems, everything from soup to nuts.

SENATOR SWEENEY: That's why--

ASSEMBLYMAN CRYAN: So this-- I'm sorry.

SENATOR SWEENEY: That's why--

MR. CAMPANELLA: That's why you need to buy them instead of leasing them. I understand.

ASSEMBLYMAN CRYAN: Yes. Because the other, Proposal 4--

SENATOR SWEENEY: You see, we're doing good. We're doing good. (laughter) We have--

ASSEMBLYMAN CRYAN: Okay, then can you explain to me then -- and I didn't know all the proposals -- but Proposal 4, the blended rate is 25.90?

MR. CAMPANELLA: Right.

ASSEMBLYMAN CRYAN: And then the million-- Explain it to me? Because Proposal 4 was for 26.71, but the-- Maybe I had it wrong. That's right. The million-six, the million-seven actually includes the blended rate, includes the improvements in that rate.

MR. CAMPANELLA: It just includes everything for a turn-key operation, that's all. It's just a stated amount from the landlord to make the space ready to move in, and a turn-key operation.

ASSEMBLYMAN CRYAN: I've got to tell you something. To be honest with you, like, I really don't want to vote for this. I've got to tell you, that's how much the million-six bothers me without understanding it. I've got to tell you. And the pilot, I at least now understand. Because this property only pays 33,000 a year in taxes. Is that what this thing says? I mean, that looked kind of low.

SENATOR SWEENEY: That's because it's in a blighted -- that's in a redevelopment zone, probably.

MR. CAMPANELLA: Where's the 33 at, Assemblyman?

ASSEMBLYMAN CRYAN: Isn't it in the tax payments? Didn't you see that? In the back where they pay the taxes -- 33, 34 -- do I have it wrong? I may. It wouldn't be the first time. See the pilot check cleared?

MR. CAMPANELLA: The \$1.67 a foot?

ASSEMBLYMAN CRYAN: No. Taxes amount, reference to pilot -- this thing right here. Thirty-nine, actually.

MR. CAMPANELLA: That's what it is today. That's the current quarter.

ASSEMBLYMAN CRYAN: That's the quarter, one quarter?

MR. CAMPANELLA: The most current quarter, which would be the February '07, first quarter 2007 tax.

ASSEMBLYMAN CRYAN: Okay.

MR. CAMPANELLA: Based on nonimprovements.

ASSEMBLYMAN CRYAN: So four times to get the right number, right? It's okay. Believe me, I've been wrong more than once.

MR. CAMPANELLA: Yes. No--

ASSEMBLYMAN CRYAN: I just want to understand it. Because I've got to tell you, as I read through these, I don't understand why-- Explain to me again -- last time, I promise. Because you get it that Steve wants to-- You get it that I'm probably against these big renovations fees.

MR. CAMPANELLA: Yes. No matter what building we ever go into, there's a certain amount of dollars that go into it to make it turn-key for the State's occupancy -- all right? -- based on what the current conditions of the space is, or building, or raw land, or whatever it is. They are quoting a dollar amount based on what it's going to take to make that space habitable, turn-key for the State to come in and occupy that building. In this particular case, that building is a shell. All right?

ASSEMBLYMAN CRYAN: Okay. I got it. You know, let me ask the last couple of questions?

MR. CAMPANELLA: Okay.

ASSEMBLYMAN CRYAN: On the pilot, the difference between year one and year 10-- I guess what I just want to make sure of is that we don't have a bomb waiting for us at year 11 with taxes.

MR. CAMPANELLA: Okay.

ASSEMBLYMAN CRYAN: And if we don't, we don't. Just tell me.

MR. CAMPANELLA: Right. And in year 11, regardless, we know what 10 is going to be. We don't know what year 11 is. I mean, that may very well be part of the--

ASSEMBLYMAN CRYAN: What's the difference between year 10 and year one? How high is that escalation rate?

MR. CAMPANELLA: Where is that breakdown? Yes. I would say it's probably about \$1.30, roughly.

ASSEMBLYMAN CRYAN: So it's not outrageous in terms of what you--

MR. CAMPANELLA: No. It starts out low. And then the last years, five through 10, it increases by about four or five cents each year.

ASSEMBLYMAN CRYAN: Four or five cents a year each?

MR. CAMPANELLA: Yes. And just so you know, Assemblyman, that would be something that we could renegotiated. We could renegotiate the base at that point, and the price when it comes to the options. It just gives us an option. And depending on market conditions, and depending on what's going on, we may not even need it. We'll be able to evaluate it at that time.

ASSEMBLYMAN CRYAN: And last question, and then I'll have the Senator--

The thing is downgraded? There's a note here on the OMB pre-approval form about how many people. Not that I really care -- the difference between 123 -- 123 and 103. But it is a 20 percent difference. That's where I picked it up -- Page 2 of 5 -- the OMB approval. Do you guys see that? It's a note. Do you see it?

MR. CAMPANELLA: Yes. I'm looking at the bottom there -- 103 plus 10 percent growth.

ASSEMBLYMAN CRYAN: Yes. So 103 versus 120 -- not that I care.

MR. CAMPANELLA: It's being built. I mean, I can tell you it's being speced out and laid out for 123.

ASSEMBLYMAN CRYAN: It is? Okay. All right.
Senator.

SENATOR SWEENEY: The 1.6 million, is there any prevailing wage requirements on anything like this?

MR. CAMPANELLA: If it applies, certainly.

SENATOR SWEENEY: Well, I mean, would prevailing wage apply to something like this, where we're renting?

MR. SUTKIN: I believe a standard is if it's 55 -- if it's occupied by us in excess of 55 percent. It's 20,000 square feet, so I believe this is part of our specs.

SENATOR SWEENEY: Okay, okay. It would be under prevailing wage.

MR. CAMPANELLA: It has to be. That's part of our criteria too. And once again, each building is different. This happens to be a multibuilding within a complex.

SENATOR SWEENEY: Yes. I'm aware of the site.

MR. CAMPANELLA: There's mixed retail and everything else. So how the law defines it to be, they must comply to all those laws.

SENATOR SWEENEY: Okay.

Move it.

ASSEMBLYMAN CRYAN: Second it.

MR. MacCALUS: Okay, NPL No. 4604, Department of Children and Families, in Willingboro, New Jersey:

Chairman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: Okay. That lease has passed.

ASSEMBLYMAN CRYAN: Okay, let me just go in order, or whatever you want.

MR. MacCALUS: Okay. I'll start with the rest of them.

MR. SUTKIN: We'll move to the first item on the agenda. That's for the Department of Labor, the Unemployment Office, Vocational Rehabilitation Unit to be colocated with Union County offices in order to conform with Federal Workforce Investment Act requirements. Will house

65 people from the Department of Labor. And it's in Union County, and it's a partnership with the county.

SENATOR SWEENEY: I'll move it.

ASSEMBLYMAN CRYAN: Second it.

MR. MacCALUS: Okay. NPL 4573 that was?

SENATOR SWEENEY: Yes.

MR. MacCALUS: Okay. Let's see, Chairman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: It has passed.

ASSEMBLYMAN CRYAN: Okay, 4598, I guess it is.

MR. SUTKIN: Yes. The next item on the agenda is Item No. 2, notice of proposed lease 4598. It's for the Department of Law and Public Safety Juvenile Justice Division Parole Office, located in Atlantic City. It's a new 10-year lease. We advertised; there were no responses. We located a site. It will house 10 employees. And we're temporarily in a space right now on a different floor. And this space will be fit out; and we'll be moving into that space.

ASSEMBLYMAN CRYAN: So Atlantic City is throwing us out? Is that basically what's happening?

MR. SUTKIN: Threw us out, yes.

ASSEMBLYMAN CRYAN: Moving us out. I have a couple of-- Is this right, that the 10 parking spots were 740 a month?

MR. LEBATE: Yes.

ASSEMBLYMAN CRYAN: Okay. Should I be as offended here as I was when I read it at home? (laughter)

MR. LEBATE: If we were comparing it to Newark, you'd be happy. (laughter)

ASSEMBLYMAN CRYAN: Well, I'm not. I'm comparing it to Atlantic City, so-- Yes. You know, what's the deal on that?

MR. LEBATE: That's typical, yes. That's the municipal parking rate. It's in the municipal garage, and that's the municipal rate down there.

ASSEMBLYMAN CRYAN: And why are we-- We're going from the third floor to the first floor. Is that basically right?

MR. LEBATE: Yes.

ASSEMBLYMAN CRYAN: And then we have--

MR. LEBATE: We're living temporarily on the third floor.

ASSEMBLYMAN CRYAN: But we're moving. And there's how many employees?

MR. CAMPANELLA: Ten.

ASSEMBLYMAN CRYAN: Anybody here from JJC?

DANIEL SMURLO: (speaking from audience) Yes.

ASSEMBLYMAN CRYAN: So how does this fit the long-term plan for JJC, since we didn't do that today?

MR. SMURLO: Well, being a parole office--

ASSEMBLYMAN CRYAN: Sorry. Okay. You've got to come over and--

MR. MacCALUS: Please identify yourself.

MR. SMURLO: My name is Dan Smurlo, and I am from the Juvenile Justice Commission.

As a parole office, it's a reporting site for a number of kids that come from Atlantic City itself, probably services other kids from outside of the city, but it's probably 60 to 70 percent are from within the city. So it's a convenient location for the families to get the kids to come to that site. So it's really needed. We were quite happy at the site that we were at, until the city decided that they wanted to use the building for other purposes and told us we had to leave. So as Mr. Sutkin said, the site that we have now on that third floor is just a temporary. It was done as an emergency to get us out of the building that we were occupying and get us a place to stay within the city.

ASSEMBLYMAN CRYAN: So you're going down two floors?

MR. SMURLO: Yes.

ASSEMBLYMAN CRYAN: All right.

MR. SMURLO: That was the -- moving down was the place that was advertised and acceptable to us. Again, because of all the work that needed to be done to the first floor, it wouldn't have been ample time to have us move in on that floor. We would have preferred to do that, of course. It would have been much easier.

ASSEMBLYMAN CRYAN: We have eight people that work here, 3,500 square feet -- eight people, is that right? How many people work here?

MR. SMURLO: It's 10 people.

ASSEMBLYMAN CRYAN: I know the thing -- on the parking. In the proposal/comparison worksheet, it says 740 per space per month. And on the cover sheet, the notice, says-- Which one is it?

MR. LEBATE: That's why we were just discussing it -- \$75 per month, per space. I was misunderstanding the question.

ASSEMBLYMAN CRYAN: That's really all I had. I mean, I'd like to give Atlantic City the courtesy they gave us.

SENATOR SWEENEY: But we were just, again -- earlier we were talking about the model being 200, and maybe reduce down. This is 350.

ASSEMBLYMAN CRYAN: For 10 employees. Why is that?

SENATOR SWEENEY: What is the rhyme or reason? I mean, what is different where the additional -- the doubling, I guess, of the spaces required for this agency, compared to say, Human Services with DYFS?

MR. LEBATE: Well, miscellaneous. Do you have, like, dayrooms--

SENATOR SWEENEY: Yes.

MR. LEBATE: --and common areas like that, that the kids use when they're--

MR. SMURLO: Yes. They have to-- Well, for one thing, they have to-- They were looking for a space that had an entrance in the front and the back. They bring kids in through the back. They have to do urine testing. Sometimes they have to isolate a kid, depending on what the condition is that's going on. Generally, we prefer that we not be colocated with other offices, because of potential conflicts. Like for instance, we would not go into an adult parole office because of the site separation that's

needed between juveniles and adult inmates. So there were various conditions like that that needed to be met as well. This building meets all those conditions.

SENATOR SWEENEY: Is it--

MR. SMURLO: It's just what the space is, though.

SENATOR SWEENEY: I was going to say, is it larger because that's what's available? We're paying for space, maybe, that we don't need? It's like anything -- anybody would like more space.

MR. SMURLO: Sure.

SENATOR SWEENEY: But I mean, while this was available -- we're being evicted on one location, we can get this. But I've got to take all this in order to--

MR. CAMPANELLA: The problem is, too, when there's a lower amount of employees, you still have the conference room space and some of those ancillary spaces, so the efficiencies tend to be stretched out. The more employees, the lower amount of allocation.

SENATOR SWEENEY: I guess what I'm trying to get to is, though, is this one of these situations where, "Okay, you can rent here since we're in a crisis." But you're taking the whole floor -- or you do not need the whole floor?

MR. LEBATE: And plus, plus--

SENATOR SWEENEY: Or maybe you need the whole floor?

MR. LEBATE: Yes, yes.

SENATOR SWEENEY: But do you know what I'm saying? Hey, I understand how this works sometimes, too. We're purchasing location more than -- renting a location more than really the space need.

MR. LEBATE: Yes. And when we advertise for juvenile parole officers, we tend not to get many responses. (laughter)

SENATOR SWEENEY: I understand.

ASSEMBLYMAN CRYAN: So you're getting robbed here a little bit.

MR. LEBATE: The price is still fairly reasonable for the overall amount of space.

SENATOR SWEENEY: But we just got more space than we need.

ASSEMBLYMAN CRYAN: Why does it cost 120 grand to go from the third floor to the first floor?

MR. LEBATE: This would be the data wiring and reconfiguring the office to be--

MR. SMURLO: Yes.

MR. LEBATE: I believe the first floor space is in -- not at all the configuration that they would need for their parole office.

MR. SMURLO: It's an old space that I don't think has been occupied for how many years. And again, they were talking about air-handling systems earlier. It's got an in-wall unit that's obsolete; you can't use it anymore. So the landlord does have to put in new HVAC systems, you know -- the whole ball of wax again. The walls are dark paneled that's all warped. The floors are stained. I mean, it's that kind of situation. But the space is okay.

ASSEMBLYMAN CRYAN: So the third floor is fine, but the first floor is--

SENATOR SWEENEY: We're going to fix it up.

MR. SMURLO: The third floor is more recently occupied. I think it was a lawyer, or something, up there.

MR. LEBATE: Plus it was nice; but not handicapped assessible.

MR. SMURLO: It's not handicapped assessible. We don't have the accessibility for the kids to come in for drug screening and that sort of thing, too, being up on the third floor.

ASSEMBLYMAN CRYAN: Yes. Do you have anything?

DEPUTY TREASURER SMARTT: What's the next closest facility that could be an alternative to this location, or is there one?

MR. SMURLO: There is not one available that could handle--

DEPUTY TREASURER SMARTT: No. What's the closest facility to Atlantic City, what municipality or county is it in?

MR. SMURLO: We have a colease based in Harborfields -- it's on --oh, where's that space at now? Yes, it's on Buffalo Avenue.

ASSEMBLYMAN CRYAN: You guys have got to be in Atlantic City, right?

MR. SMURLO: Yes. But that's a coshared building with the county, with Atlantic County. And they also have their detention center in there, along with one of our programs. So we coshare that building.

MR. LEBATE: And we did try to, actually, talk the agency into moving off the island. But really, with 60 percent of their kids there, and enough trouble getting the kids, I guess, to report, they fairly well convinced us that we shouldn't be looking off the island. So--

ASSEMBLYMAN CRYAN: Yes. It just seems like with enough government stuff down there that--

MR. LEBATE: And the city not wanting us there, so--

MR. SMURLO: That was the big thing. We were happy where we were. It was a great building.

ASSEMBLYMAN CRYAN: Do you have a long-term plan, though? Did you guys fill out your Law and Public Safety?

MR. SMURLO: Well, we operate out of Spruce Street.

ASSEMBLYMAN CRYAN: No, no, no. The stuff you sat through here, the long-term stuff?

MR. LEBATE: I think you did it from the department.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Yes, I believe that DPM&C actually did theirs.

ASSEMBLYMAN CRYAN: And this--

UNIDENTIFIED SPEAKER FROM AUDIENCE: We haven't gotten, formally, everything; but they have given us the information. And it does (indiscernible), yes.

ASSEMBLYMAN CRYAN: All right.

Motion?

SENATOR SWEENEY: Motion.

ASSEMBLYMAN CRYAN: Second.

MR. MacCALUS: Okay. For the approval of NPL 4598, for the Juvenile Justice Commission in Atlantic City.

Chairman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: And Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: Okay, that lease is approved.

MR. LEBATE: Thank you.

MR. SMURLO: Thank you.

MR. MacCALUS: State Police, 4601, at 4.

MR. SUTKIN: This next item is No. 4 on the agenda -- notice of proposed lease 4601 for the Department of Law and Public Safety, State Police, their Northern Forensic Lab. It's a new five-year lease. We've received a lot of proposals, but only one was deemed appropriate to suit the agency's needs. It will house 28 employees, and these are some of the requirements needed to comply with the ASCLD requirement, which is the American Society of Crime Laboratory Directors. It's the lab accreditation board standards that we require the landlord to comply with, submitted for approval.

ASSEMBLYMAN CRYAN: That's my first question. Who are they and why do they get to decide?

MR. SUTKIN: Well, I can start the answer, but I'll call up the agency as well.

ASSEMBLYMAN CRYAN: Okay.

MR. SUTKIN: I also know, by the way, that the new emergency operation center also had to comply with the ASCLD requirements in all these state laboratory police forces; but I'll allow Law and Public to speak to it.

AJIT TUNGARE: Good morning.

My name is Ajit Tungare. I'm the Chief Forensic Scientist for the New Jersey State Police, Office of Forensic Sciences. The American Society of Crime Laboratory Directors/Laboratory Accreditation Board is

the body that -- is a nonprofit organization that the FBI requires that our DNA program be complying with. And our Federal funding is dependent on our maintaining that accreditation for our program.

ASSEMBLYMAN CRYAN: Okay. So why then do we want to rent a lab for five years, on a lease?

MR. TUNGARE: Well, the current laboratory was built 35 years ago, and we barely passed the ASCLD inspection last time, in 2003. We don't believe we'll pass it in 2008. The facility was built 35 years ago for 12 people. Now we have approximately 30 people in the building and--

ASSEMBLYMAN CRYAN: I-- Look, why are we leasing a lab for five years? This is a five-year lease, is it not?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Yes, I guess.

MR. TUNGARE: I believe--

ASSEMBLYMAN CRYAN: And it's a five-year lease for 460,000 a year, okay, for five years, and we're going to have a lab there. That sounds like that shouldn't make any sense.

MR. TUNGARE: Well, I think the reason we're proposing that this be a five-year lease is because we have a long-term plan that actually includes expanding this facility and merging this facility with the equine laboratory, which is currently at the Meadowlands -- the lab.

ASSEMBLYMAN CRYAN: When's that lease up?

MR. TUNGARE: They own the facility.

ASSEMBLYMAN CRYAN: Oh, the equine one.

MR. TUNGARE: Right.

ASSEMBLYMAN CRYAN: Right, that's right. I read that.

MR. TUNGARE: But we also are proposing that the State of New Jersey should have a second DNA laboratory, which will also then become part of this multi-laboratory project five years down the road.

ASSEMBLYMAN CRYAN: And sir, why would we -- and you may not know this -- but why would we-- If the plans are to expand this facility, why would we have a five-year lease?

MR. TUNGARE: No. The plans are to expand the current laboratory.

A N T H O N Y M A Z Z E L L A: Mr. Chairman, Tony Mazzella from the State Police Logistics Bureau. How are you doing?

ASSEMBLYMAN CRYAN: Hi, Tony. How are you?

MR. MAZZELLA: The plan at this juncture is to seek the construction of a new Troop B Headquarters in Totowa. The current Troop B Headquarters is undersized. It is on State-owned property. And consistent with that expansion, we would seek to convert the current Troop B Headquarters to be the new Forensic Laboratory in the north area. We estimate, at a minimum, it would take five years to get that process completed through Building Authority funds, etc.

ASSEMBLYMAN CRYAN: So why not stay where we are for five and--

MR. MAZZELLA: Well, it's the overcrowded condition; the impact to the ASCLD certification, which we understand does not necessarily just affect the Totowa Laboratory, or the Little Falls Laboratory, but it affects the entire laboratory agency. So it would potentially remove certification from the East Lab at Sea Girt; the South Lab at Hammonton;

and the Central Lab at Hamilton. That's how we understand that certification process.

MR. TUNGARE: That is absolutely correct. The certification is for the entire system, not for individual laboratories.

ASSEMBLYMAN CRYAN: So if one lab fails, it all fails?

MR. TUNGARE: The whole state will fail. Yes, sir.

ASSEMBLYMAN CRYAN: That's a hell of a deal. (laughter)

Seriously, the certifications -- the taxpayers of this state are going to pay. And while I certainly trust that we may have a building in the ground in five years, it's actually six -- right, '08 is when your lease is up? Right? And then five years afterwards, is that correct?

MR. MAZZELLA: Well, our current facility is not under a lease.

ASSEMBLYMAN CRYAN: It's 35 years old. And if I understood you right, you wanted to move out by the end of the certification, which was next year, right?

MR. TUNGARE: 2008.

ASSEMBLYMAN CRYAN: Am I right? And then five years more, which means within six years we would have a building built for you, if I understand it correctly, in your State Police Headquarters in whatever town it was you said it was.

MR. MAZZELLA: In Totowa. It's approximately two miles away.

ASSEMBLYMAN CRYAN: Where is that process? Is the money all out there? Is it designed, is it out for bid; where is it?

MR. MAZZELLA: There have been a series of project reports submitted to the Building Authority with this initiative. And I couldn't tell you -- I believe the Building Authority is -- staff is meeting today. I don't know whether that's a--

ASSEMBLYMAN CRYAN: Okay. So is that project anywhere near the light of day, realistically?

MR. SUTKIN: My understanding, the status of it is, is they've engaged a consultant to perform a study in accordance with what the plan is. At that point, the New Jersey Building Authority -- they have to put forward a project to their board, the board approves it, and it goes for a resolution before the Legislature; and then the funding gets established for the project. So it's a while away before we even engage a designer.

ASSEMBLYMAN CRYAN: So we are realistically -- and no shot to anybody here -- looking at more likely a 10-year lease here, if we have to renew for another five. I guess we could renegotiate, I'm sure Paul would say. But realistically -- maybe just call me a little cynical -- I don't think that there will be a building ready for you to go in, six years from hence.

MR. SUTKIN: I couldn't say that.

ASSEMBLYMAN CRYAN: I can, you know?

I look at that, and I look at the lease of a lab for 203,000 in renovations, right, and rent, and this makes zero sense to me. And the argument that some society can say, "One of your labs failed, therefore we're going to decertify all of you," doesn't really hold water. It's a lot of money here.

And I don't -- you've still not convincing me to vote for this lease, I got to tell you.

MR. TUNGARE: Well, I think the present facilities severely are under strain with this staff that we currently have. I'll have some pictures if you would like to see them. And it's actually 2008 that we need to be ready for, and the relief really is needed now. In fact, I would say, it was needed a few years ago.

ASSEMBLYMAN CRYAN: Then why, if it was-- I'm not going to hammer the point. I'll tell you what. I want a better understanding of what this certification does and what our options are. I want a detailed plan as to what the home is after five years, where it stands, and what the actual schedule is for the thing to move. Do you follow me -- the new headquarters?

I want something that generates the type of support to us to expend \$2.3 million in lease over the next five years, which is what this does. All right? And right now, that isn't here -- at least for me. And then I'll ask the Senator if he has any questions.

SENATOR SWEENEY: I'm fine.

ASSEMBLYMAN CRYAN: Okay.

MR. MAZZELLA: Mr. Chairman, the Division, or even the Department at this point, has very little control over how the State moves forward in its debt projections.

ASSEMBLYMAN CRYAN: Okay. Do you guys have all your long-term plan in?

MR. MAZZELLA: Yes, we do.

ASSEMBLYMAN CRYAN: Okay.

SENATOR SWEENEY: I've got a question that just popped in my head. Didn't we just build a new lab -- a hundred-and-some million dollar lab in Hamilton?

MR. MAZZELLA: Yes.

SENATOR SWEENEY: If there was a need, why didn't they just expand that and roll this lab into there?

MR. MAZZELLA: This services Troop B area, which are all the northern counties. So all of the local and--

SENATOR SWEENEY: Yes, but the Hamilton project was a very expensive project, wasn't it? It was a large project.

MR. TUNGARE: Yes, sir.

SENATOR SWEENEY: So why do we need-- I guess the question is, why do you need labs in different regions if you have a centralized lab that is supposed to be doing the collection and the analysis?

MR. TUNGARE: Sir, this laboratory serves over 200 local agencies.

SENATOR SWEENEY: But what I'm saying is, we built this big one in Hamilton. Why couldn't that one have been built to service the entire state?

MR. TUNGARE: Well, because the evidence has to be brought into the laboratory, and that involves a lot of traveling time for police officers who have to bring the evidence to the lab for analysis.

SENATOR SWEENEY: Where are the other labs at, located in the state? Can you give me the location of the other five?

MR. TUNGARE: Sure.

MR. MAZZELLA: Sea Girt.

MR. TUNGARE: Sea Girt, Hammonton, this is in Little Falls, and then Hamilton.

SENATOR SWEENEY: So there's-- Then if I'm from Port Norris, I have a long trip wherever I go?

MR. MAZZELLA: You go to Hamilton.

SENATOR SWEENEY: Which is a pretty long trip. So it's about another half an hour to Trenton or Hamilton?

MR. TUNGARE: It's more an hour's--

SENATOR SWEENEY: I'm just saying, if I'm driving from Port Norris, which is the furthest part of my District, or Cape May -- Cape May's travel. So if it's another hour, and you have one location, I still have to drive an hour and a half from Cape May to Hamilton, right?

MR. MAZZELLA: At least an hour and a half.

SENATOR SWEENEY: Yes. So I guess my point is, we've spent all that money on this state-of-the-art lab, which I think was wonderful to do. I don't know why we have all these outposts, especially when it's on the State's dime that they're funding all this.

MR. TUNGARE: The regional laboratories are primarily involved with the drug testing and DWI-type work; whereas the Hamilton Laboratory is primarily for DNA, other criminalistics-type evidence, and drugs and toxicology for the central part of the state.

SENATOR SWEENEY: I still don't understand why it couldn't have been incorporated in one centralized lab. This way there wouldn't be an argument of chain of custody, or differently handled -- or arguments on how things are handled from one lab to another.

MR. TUNGARE: Well, I believe the reason for that, sir, is for the South Regional Lab, which is the Hammonton Laboratory, and the North Lab -- they handle over 10,000 cases a year. And for each and every one of those cases to bring evidence to a central location is just not practical for law enforcement agencies, because we service all the local agencies.

SENATOR SWEENEY: All right. But that's fine, except your argument is not holding up. Because what happens to the person in Cape May, and what happens to the government in Port Norris? I mean, if it's for convenience, these locations aren't convenient, not for the southern part of the state where I'm from. I mean, I have to travel wherever I go, a large distance. I mean if--

MR. MacCALUS: There's no drugs down there.

SENATOR SWEENEY: No, there is no drugs in South Jersey, correct. (laughter) And the drinking that moonshine discourages it. (laughter)

ASSEMBLYMAN CRYAN: And they just got cause. Go ahead.

SENATOR SWEENEY: We get away with it all the time.

But do you understand what we're saying? Is, if you want us to build these labs, or support these labs, and you're telling us it's for the convenience of the local governments, well then obviously they're not mapped out well, because they're not convenient for the entire state. They might be for certain areas. And again, I would say that we should have-- You just spent \$150 or \$70 million; we should have built one state-of-the-art lab that incorporated all these facilities and-- Here's an area, where we just talked about consolidation and not having operations all over the place,

and here was an opportunity to consolidate. I mean, if you could build one at 150, you could build at 200 million, and then have all operations and have the labs. It's in Trenton, but guess what, this is the State capital. We have people drive down here from different locations all the time.

So, I mean, I can't buy your argument that it's for convenience, because it's not convenient in South Jersey -- and that's where I'm from, if you didn't know. (laughter)

MR. TUNGARE: Also, I think the regional laboratories -- that handle drugs and DWI-type cases -- those are usually heard in municipal courts. Our scientists have to travel all over the state to testify, and usually it helps to have agencies or labs that are situated closer to those labs.

SENATOR SWEENEY: Your scientists have to travel for all DWI and drug cases?

MR. TUNGARE: Whenever they have to testify, they have to go to municipal courts.

SENATOR SWEENEY: How often is that?

MR. TUNGARE: That happens quite a bit.

SENATOR SWEENEY: What's the percentage?

MR. TUNGARE: I would say about 5 percent of the cases do go to trial in these municipal courts -- so out of 10,000, 5 percent are contested.

SENATOR SWEENEY: So your scientist in Hamilton has to go to Cape May?

MR. TUNGARE: Generally, in Cape May they handle-- They have their own small lab. But, yes, you're right. If we did, then they would--

SENATOR SWEENEY: But you didn't tell me there was a lab in Cape May when I asked you earlier.

MR. TUNGARE: Cape May is a private -- I mean it's a county lab, not a State lab.

SENATOR SWEENEY: Well, let me ask you this question. Could the counties, through their facilities and operations, through the counties working hand and hand with governments-- Instead of doing it this way, we'd have government expansions -- look towards governments to include -- where it would really be convenient, at that point.

MR. TUNGARE: I think the counties that have large workloads have done that. They've already started their own labs, because we cannot handle their workload.

SENATOR SWEENEY: Could you tell us, for the future, how many counties do have labs?

MR. TUNGARE: There are four.

SENATOR SWEENEY: What counties are they?

MR. TUNGARE: Burlington, Hudson, Union, and Cape May.

SENATOR SWEENEY: They're pretty well geographically-- The reason why I'm asking is, again, and I'm-- In Gloucester County, where I'm one of those evil-doer officeholders, we house the medical examiner for Salem County and Camden County, and we do the medical examiner's operation out of one county. And if you have something in Cape May and the other locations in Burlington, can't they be utilized and maximized, rather than go out and do our own?

MR. TUNGARE: Well, I think the State labs have been around for much longer than the county labs.

SENATOR SWEENEY: I understand that. But what I'm saying is, we're trying to do things differently here. We're looking at things differently than we've looked at them ever before. Is there a need, isn't there a need? Just because we've done it this way all the time doesn't mean this is the way that it's right all the time. That's what's wrong with government. We're trying to recreate it a little bit in this Committee. Because we're going to spend \$200 million on leases annually. You know, we're spending a lot of money on leases. So if we could share with county governments or partner-- Has there been a solicitation or any type of outreach to county governments that do have labs, to where we could incorporate or share?

MR. TUNGARE: As a matter of fact, some of the counties that do have their labs cannot handle all their workloads, so they rely on us.

SENATOR SWEENEY: Well, that's what I'm asking. Could they be expanded rather than do these?

MR. TUNGARE: I don't know, sir.

SENATOR SWEENEY: Okay.

MR. TUNGARE: Just to clarify the ASCLD certification, sir. In 1994, we had established a DNA data banking statute, which calls for the state to become part of the national DNA database program. And we are responsible for that program. And that program calls for us to have the ASCLD lab accreditation. So we have the statutory obligation to maintain our ASCLD laboratory accreditation.

ASSEMBLYMAN CRYAN: Okay. Well, here's where we're at. This, I can assure you -- that if we take a vote, it's not going to pass today. So I'm going to strongly recommend to you that you hold it. And let me

tell you what information -- we'll all tell you what information we need in order to put this in a positive light. I need a plan that shows, after a five-year lease, that there's a realistic plan with milestones -- the way things really work; a realistic schedule that shows that this facility can actually move into a new home, if that's what the thing is through the Building Authority. That would include things like a funding cycle; things that you would watch.

Secondly, I appreciate your comments about the DNA collection on the certifications. I would appreciate it you would send us the stuff. All right? Because it's just hard to conceive that, if one piece fails, that everything fails. That's just generally hard to conceive. I also think that, although I don't know the certifications at all, and don't pretend to -- but if there's a plan in place to get certified-- And by the way, the other thing I would ask if you could put in writing is what is the impact of that loss? Is it Federal dollars? Is it something else? Whatever it is, I want you to tell us what that is for this one particular area -- after the State has invested, safe to say, tens of millions of dollars in other areas to upgrade forensic facilities. All right? I know we did that off capital budgeting.

So I'm requesting those pieces of information from you, okay? I'm also requesting assurance from Eddy that this fits into the long-term -- it's hard to imagine the five-year lease fits into a long-term plan -- but that there's a long-term plan afterwards; and I'm asking for that to be coworked. In addition, you heard the Senator's questions about whether or not the counties can be utilized in lieu of this for the short-term, five-year need -- which, unless I'm mistaken, is a total of six, six and a half, and the next year. Right? One, plus the five-year lease. Do I have that right?

MR. MAZZELLA: I don't know when in January -- or when in 2008--

ASSEMBLYMAN CRYAN: We're in the same time frame.

MR. MAZZELLA: Yes, you're in that time frame -- six years.

ASSEMBLYMAN CRYAN: We're in the game. And that's what we're requesting.

Is there any other piece of information we need? I'd like those pieces of information before I commit \$2.5 million of taxpayer dollars. Okay?

Thank you.

MR. MAZZELLA: Thank you.

ASSEMBLYMAN CRYAN: What's next?

MR. MacCALUS: Okay. Lease 4605, Tab No. 6 -- the Division of Developmental Disabilities.

MR. SUTKIN: Yes. Thank you, Mr. MacCalus.

The next lease for consideration is Item No. 6, NPL 4605. It's a lease for the Department of Human Services, Division of Developmental Disabilities. They're presently located in the Carnegie Center in Princeton. They were moved there two years ago to make room for the former DYFS expansion, and they made way and accommodated that expansion. We placed them in a low, market-rate lease, and that lease is expiring. And in anticipation of that, the expiration of that lease, we did public advertisement, which resulted in this lease in Hamilton for 157 employees of the Division of Developmental Disabilities, which is submitted for approval.

ASSEMBLYMAN CRYAN: A million-six in renovation costs?

MR. CAMPANELLA: Built to suit, ground up.

ASSEMBLYMAN CRYAN: Oh, go ahead, expand that a little bit for me.

MR. CAMPANELLA: It's a total built-to-suit situation, turn-key, once again, based on our Schedule B specifications for turn-key operation.

MR. LEBATE: The building is not up yet.

ASSEMBLYMAN CRYAN: It's not up yet?

MR. CAMPANELLA: The walls are up and it's in the process of being -- the shell is being constructed as we speak.

ASSEMBLYMAN CRYAN: Go ahead.

SENATOR SWEENEY: What would the debt service be on this building? How much-- It's 40,000 square feet. What are construction costs for a building -- just a regular office building -- 200 a square?

MR. LEBATE: Probably, yes.

SENATOR SWEENEY: So it would be 800,000?

MR. CAMPANELLA: Plus soft costs probably, yes.

SENATOR SWEENEY: Yes. We doing the building -- look what you're paying in rent.

MR. SUTKIN: We agree with you, Senator.

MR. CAMPANELLA: We understand.

SENATOR SWEENEY: Yes. But we've been talking about this, and now we're--

MR. SUTKIN: But we don't issue debt and we don't appropriate money. We're happy to participate in the discussion, and we're happy to further it.

ASSEMBLYMAN CRYAN: We have to figure out a way to do this.

SENATOR SWEENEY: We have to bring this to a stop, though, because here we are -- we're going to get into a 10-year rental agreement and we could own this thing. We could own it. And I've been saying this for a year, at least. I've been complaining for a year about it. I'm not saying you're not listening. I guess I'm talking to Deputy Treasurer Smartt, in talking to the Treasurer about: this has to stop. Here's a situation where we could own the building. For what we're paying in rent, we could own the building, pretty much -- close, it might be 900,000 instead of 810,000 -- you know?

MR. CAMPANELLA: We understand completely. The other thing is, there's opportunities now that we can buy a building for \$40 and \$50 a foot. But if we don't have the money to do it, how can we do it?

SENATOR SWEENEY: Yes, but that's what I guess I'm getting at: is where -- why? We have to start identifying where we can buy it. Embarrass us. Put it up in front of us. Embarrass us. Make it more of a public issue. I mean, I bought a warehouse that we renovated for Board of Elections building for, like you said, 40-50 bucks a square foot. If I had built new, it would have been 200; and it's a great building.

MR. CAMPANELLA: We've got one on the table right now, identified last week in East Orange -- \$45 a foot, 58,000 square feet. The owner put a new elevator and a new roof on. How do we do it? Where do we get the funds to buy it -- 2.5 million, or 2.25 million? How do get the funds to do it?

ASSEMBLYMAN CRYAN: When you're talking to a couple of guys on the Budget Committee -- as circumstance has it -- and I know that we have these pools of money that have raised so much attention. But the fact of the matter is, let me ask you guys for something. Give us four, five, six highlights that make common sense to buy now.

MR. CAMPANELLA: Okay.

ASSEMBLYMAN CRYAN: I'm not saying we're going to--

MR. CAMPANELLA: No.

ASSEMBLYMAN CRYAN: I'm not going to swear to you we're going to deliver. But you know what, I find most, at least, legislators will sit there and listen to a cost analysis that makes a lot of sense and then move it. It's that simple.

MR. CAMPANELLA: Well, we're in situations every day where there's deals available, but you have to move quick, because it's a commodity.

ASSEMBLYMAN CRYAN: You need a pot of money.

SENATOR SWEENEY: But exactly, Chairman, you need a pot of money.

MR. CAMPANELLA: Right.

SENATOR SWEENEY: What is that pot of money, annually; so we can wean ourselves off these leases -- do you know what I'm saying -- where they make sense. Listen, we're not going to eliminate leases; we know there's always going to be a need. But here's a great example. DDD is not going out of business. Do you know what I mean? How much would you need budgeted or, through the Building Authority, how much would

the Building Authority have to bond, where we could identify projects like this annually to just start-- Listen, it's the chicken and the egg.

MR. CAMPANELLA: Right.

SENATOR SWEENEY: We've spent 200 million because we have no money -- but we spent 200 million. So how do we get our self off that dependency and start to shift? And it's going to take 10 years to shift.

MR. CAMPANELLA: Sure it is.

SENATOR SWEENEY: But how do we--

MR. CAMPANELLA: Right.

SENATOR SWEENEY: Can you give us some kind of a plan on what kind of dollars you could-- As the Chairman said, we're both on the Budget Committee.

MR. CAMPANELLA: I mean, even if you took a quarter of the rent budget, and take 50 million and start with that.

SENATOR SWEENEY: Exactly. Or inflate the rent budget by a quarter of a percent and use those dollars to start the reallocation, yes.

MR. CAMPANELLA: And use those dollars to allocate towards the conversion. Right. I hear you.

SENATOR SWEENEY: Okay.

ASSEMBLYMAN CRYAN: My only other question on this lease was real estate taxes, and I have a note down to ask about real estate taxes, and I don't have what I was supposed to say. Can you just take me through them?

MR. CAMPANELLA: It would be whatever the first year is -- the first 12 months of our occupancy. That would create the base going

forward, and then we would pay escalations based on any increases over that base amount.

MR. LEBATE: And that would be based on the building being fully assessed as an occupied building. That's what all this language means.

ASSEMBLYMAN CRYAN: I guess my question is, really, are there any hidden surprises there that we should be worried about in the Committee?

MR. LEBATE: Not on this one.

MR. CAMPANELLA: It will be what it is the first year, and then whatever the-- I guess they're operating now -- what, 5 or 6 percent -- municipalities, as far as increases annually on real estate taxes?

ASSEMBLYMAN CRYAN: Four -- don't you read the papers?
(laughter)

MR. CAMPANELLA: Four in an ideal world. (laughter)

ASSEMBLYMAN CRYAN: All right.

You guys have anything else?

SENATOR SWEENEY: Yes. I'm going back to where I'm at -- with the 800,000, that is all in. I'm building a school right now for disabled children at 220 a square. I mean, so that pretty much is all, in cost.

MR. CAMPANELLA: Yes.

SENATOR SWEENEY: Is there a way, since we're going to make this payment, and these dollars are going to be allotted anyway-- I mean, we're going to pay this money, right?

MR. CAMPANELLA: Yes.

SENATOR SWEENEY: That we can't switch it to an ownership agreement?

MR. MacCALUS: Lease-purchase.

SENATOR SWEENEY: Lease-purchase instead of -- something? Can we--

MR. CAMPANELLA: I know the preceding one with the lab, we tried to work at an option, too, to buy. There were some legal issues as far as how to subdivide it. We did that. But I could tell you this, to build a lab today is between 350 and 500 a square foot.

SENATOR SWEENEY: A square, sure -- absolutely.

MR. CAMPANELLA: Right.

SENATOR SWEENEY: Absolutely.

MR. CAMPANELLA: Right.

SENATOR SWEENEY: But that wasn't even my point with that one.

This one is, this is-- You're going to pay in rent, each year, what it will cost you to design and build this thing. You need to have a developer do a lease-purchase -- do something where we have at least something.

MR. CAMPANELLA: An ownership interest.

SENATOR SWEENEY: We have an ownership interest at the end of the day.

MR. CAMPANELLA: Sure.

SENATOR SWEENEY: Because, again, this is -- \$800,000 is 200-a-square, right?

MR. CAMPANELLA: Yes.

SENATOR SWEENEY: On 40,000. So we could own this thing.

ASSEMBLYMAN CRYAN: So should we hold it?

SENATOR SWEENEY: I think we should, until we come back and get an answer on that.

MR. SUTKIN: The difficulty with holding this lease is this tenant has to be out of Carnegie Center by July 1. And the landlord cannot affect his construction unless we come back to him with a deal. He can only go ahead so much, with the pendency of a deal hanging out there, without knowing there's going to be a deal.

SENATOR SWEENEY: But how would he start this construction and make this investment in the construction if he didn't have a promise of a--

MR. CAMPANELLA: It's a multi-tenanted building. We wouldn't be the only one in town; and if it's not us, it will be somebody else.

SENATOR SWEENEY: Okay. How big a building is it?

MR. CAMPANELLA: Ninety thousand.

SENATOR SWEENEY: Any other spaces occupied?

MR. CAMPANELLA: Not yet. It's not built yet.

SENATOR SWEENEY: All right. Does he have tenants for the other space?

MR. CAMPANELLA: We could bring up the owner representation here.

SENATOR SWEENEY: Okay. Yes, please.

MR. CAMPANELLA: Sure.

SENATOR SWEENEY: Besides the State of New Jersey, who are your other tenants in the building?

L A U R I B A R U C H: We don't have any other tenants committed at this point, but there are offers.

DEPUTY TREASURER SMARTT: Could you introduce yourself?

MS. BARUCH: I'm sorry.

MR. MacCALUS: Yes, please.

MS. BARUCH: Lauri Baruch. I'm with Gateway 195 Center. We don't have any other tenants that are fully committed at this point, but there are tenant negotiations in progress, as this is.

SENATOR SWEENEY: So this was a 100 percent spec building?

MS. BARUCH: Uh-huh.

SENATOR SWEENEY: Okay. Do you have any other buildings in that area?

MS. BARUCH: Yes, across the street.

SENATOR SWEENEY: What's your vacancy rate up there in that area?

MS. BARUCH: We have one unit that just opened up, that brings that particular building to about a 45 percent vacancy ratio.

SENATOR SWEENEY: Okay. I am in construction, and normally they don't spec another whole building when they've got one half empty. I'm just curious if there was some statements--

MS. BARUCH: That was a recent opening that -- and it was 100 percent occupied.

SENATOR SWEENEY: Okay. Well, you just said it was 45.

MS. BARUCH: I said it was 100 percent; and now it's 45.

SENATOR SWEENEY: Okay.

MS. BARUCH: It was a recent vacancy.

SENATOR SWEENEY: Okay, okay. I just don't want any commitments being made before this Committee makes a decision.

I still want to hold it.

ASSEMBLYMAN CRYAN: That's it. We're done.

MR. SUTKIN: We have a big problem with the Division of Developmental Disabilities having a place to put 185 employees come June 30.

SENATOR SWEENEY: How can we get stuck in these tight time frames. Where are these right now?

MR. SUTKIN: This was ready for presentation a while ago. We just haven't met.

ASSEMBLYMAN CRYAN: Wait a minute. Whoa, slow down. When was it ready?

MR. CAMPANELLA: Back in November of '06.

SENATOR SWEENEY: Why are we being evicted and chased out of the other building?

MR. SUTKIN: It was a two-year sublease agreement, where the tenant had lost the sublesser; and so the space was open for two years on a sublease, and it was a very good rate for Princeton area.

MR. CAMPANELLA: Yes.

MR. SUTKIN: And it's below \$20 a square foot.

MR. CAMPANELLA: Yes. And this is the one, too, Senator, where half of the people are going into the Trenton Office Complex, which is a State-owned -- that the other group had identified earlier.

ASSEMBLYMAN CRYAN: All right, all right. Lisa brought that up.

MR. CAMPANELLA: Correct. This is the other half of those folks. And actually, we actually scaled down the requirement. I think it came in higher before, square footage-wise, and we went back and worked a plan to get it down lower.

ASSEMBLYMAN CRYAN: Do you know how much you cut as a result of having Children and Families go into Trenton?

MR. CAMPANELLA: About 30-some thousand feet, right? Forty thousand feet. The problem is, is we're going to have a crunch in July. We're faced with an issue here for sure.

ASSEMBLYMAN CRYAN: Okay. I'll tell you what. I want a couple things, though. I want a list of any expiring leases in the next 18 months, okay? I want it, because I don't ever want to sit here and get told, "If you don't vote on this in March, we're out in June." Okay? And whether or not we meet in one or two months, frankly, it's nonsense to put a gun to our head. It's absolute, friggin' nonsense.

MR. SUTKIN: Senators, I--

ASSEMBLYMAN CRYAN: Listen to me. Let me finish, all right? Because the real deal here is, a short two-year lease was the real gun here. Right? Because you had to get out of Carnegie -- and I understand we were below market rents there and now we have another option. But I want a list of what's out for 18 months. And the other thing I want -- and you can do this on e-mail -- is you can send, to the Committee members here, when a lease is ready. Do you follow me?

Because, listen to me. I don't get -- I get this packet when we say we're going to meet. Right, Bobby?

DEPUTY TREASURER SMARTT: Yes.

ASSEMBLYMAN CRYAN: I don't know that something-- I only speak for myself here, because maybe the Senator has a different--

SENATOR SWEENEY: No, no.

ASSEMBLYMAN CRYAN: I don't know that this is sitting here in November. Do you follow me? I get a packet when the meeting rolls up. Hey, we're all going through the same process here. Nobody is angels. We're fine.

MR. MacCALUS: We need a pipeline -- the pipeline. Because I know there -- you wait until the last minute because some of the things have to be approved and some are waiting on paperwork, and that sort of thing. So maybe a benchmark along the pipeline that says, okay, we can take it internally to our Committee -- it's ready to go and -- or something.

ASSEMBLYMAN CRYAN: Yes. So I want those two things. And in condition for that, we'll move this lease.

MR. CAMPANELLA: All right. Just--

ASSEMBLYMAN CRYAN: But I've got to tell you guys something. This lease, when you look at it in a commonsense approach, everybody in this room, is a bad deal for New Jersey.

MR. CAMPANELLA: I can also tell you, Assemblyman, that there's also deals on the table where there's cost savings, and -- how can we get them off?

SENATOR SWEENEY: Mr. Chair, yes, a couple things here to fix this process. Obviously, we don't want to put ourselves up against it.

We had no idea that this was prepared in November. I didn't see it until I got my packet. I don't know we're under a crunch or under any pressure, or any immediate need to act. So something like that, we have to be notified immediately of, if we're tight on that.

And the other stuff, where the savings are: please put it in front of us.

MR. CAMPANELLA: They're ready to roll.

SENATOR SWEENEY: And guess what? You put it in front of us, and then it's on us if we don't do anything with them.

ASSEMBLYMAN CRYAN: You could throw it our way. It's okay.

SENATOR SWEENEY: Absolutely.

MR. CAMPANELLA: How does that work, Steve?

MR. SUTKIN: I don't know how that works.

ASSEMBLYMAN CRYAN: With that, I'm going to make a motion on these.

MR. CAMPANELLA: Where's the breakdown, then?

ASSEMBLYMAN CRYAN: Well, get it to us, guys. You're going to get your lease here; get your lease and get going.

Bern, we're going to do the lease, and let's go. Okay?

I make a motion on the lease.

SENATOR SWEENEY: Second.

MR. MacCALUS: Okay. Lease No. 4605 for Hamilton, New Jersey.

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: It has been approved.

ASSEMBLYMAN CRYAN: And you'll take care of it? Thanks.

Motion to adjourn?

SENATOR SWEENEY: Motion.

ASSEMBLYMAN CRYAN: Yes. Go ahead.

MR. SUTKIN: Can I-- Excuse me, this is an important matter. I want to congratulate Bob LeBate on 25 years of State service.

ASSEMBLYMAN CRYAN: Oh, yes. That is--

MR. SUTKIN: This is probably his last meeting, and I wanted to make notice of his great dedication to the people in New Jersey.

Thank you, Bob.

ASSEMBLYMAN CRYAN: Bob, thank you. (applause)

Thank you. I appreciate all you've done, and all your input and everything else. Thanks a lot. I don't know if we come across that way, but we really appreciate it very much.

B E R N A R D M c L A U G H L I N: Assemblyman, if I could add to Steve's comments on Bob. The thing that you and Senator Sweeney have been bringing to the attention of -- the due diligence we need to do, the innovative approaches, Bob has been doing and championing for a number of years. And finally, we have a Committee here that's on the same page as us, and we are trying and we're ready to do that. And Bob was at the forefront of that long before it was popular.

ASSEMBLYMAN CRYAN: All the best, Bob; all the best.

SENATOR SWEENEY: Congratulations.

ASSEMBLYMAN CRYAN: Thank you.

(MEETING CONCLUDED)