
Committee Meeting

of

JOINT STATE LEASING AND SPACE UTILIZATION

LOCATION: Committee Room 1
State House Annex
Trenton, New Jersey

DATE: June 15, 2017
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Nicholas P. Scutari, Chair
Assemblyman Raj Mukherji
Robert J. Shaughnessy Jr.



ALSO PRESENT:

Carl T. Costantino
Office of Legislative Services
Committee Aide

Mark S. Kaminski
Committee Secretary

Gary A. Kotler
Committee Counsel

Ed Oatman
Senate Majority
Committee Aide

Meeting Recorded and Transcribed by
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TABLE OF CONTENTS

	<u>Page</u>
Christopher Chianese Director Division of Property Management and Construction Department of the Treasury	3
Charles J. Connery Assistant Deputy Director Lease Procurement and Disposition Division of Property Management and Construction Department of the Treasury	5
Angela Sperrazza Director Facilities and Support Services New Jersey Motor Vehicle Commission	11
Dan Fatton Vice Chair Planning Board City of Trenton	22
Anne LaBate Representing Stakeholders Allied for the Core of Trenton (Stakeholders ACT)	22
APPENDIX:	
<i>Trenton 250 Executive Summary</i> submitted by Dan Fatton	1x
pnf: 1-32	

SENATOR NICHOLAS P. SCUTARI (Chair): This meeting of the State Leasing and Space Utilization Committee will come to order.

Today is June 15, 2017.

First I want to welcome our new Committee member, Assemblyman Raj Mukherji.

ASSEMBLYMAN MUKHERJI: Thank you.

SENATOR SCUTARI: Welcome, welcome. Good to have you onboard.

Let's take a roll call.

MR. COSTANTINO: Senator Scutari.

SENATOR SCUTARI: Here.

MR. COSTANTINO: Assemblyman Mukherji.

ASSEMBLYMAN MUKHERJI: Here.

MR. COSTANTINO: And Assistant State Treasurer Shaughnessy.

MR. SHAUGHNESSY: Here, Senator.

MR. COSTANTINO: Senator, you have a quorum.

SENATOR SCUTARI: Read the Open Public Meetings Act.

MR. COSTANTINO: Notice of this meeting of the State Leasing and Space Utilization Committee was provided to the Secretary of State, *The Trentonian*, and the State House press on June 12, 2017, as part of the Open Public Meetings Act.

SENATOR SCUTARI: Okay; the first order of business is the -- for this year's Space meeting will be to elect a Chair.

I'll entertain any motions.

ASSEMBLYMAN MUKHERJI: Yes, Senator. And I actually speak for all of the members on the Assembly side of this Committee in proudly nominating the Honorable Nicholas P. Scutari to Chair this Committee.

MR. SHAUGHNESSY: I'll second that nomination.

SENATOR SCUTARI: Thank you, members.

Roll call.

MR. COSTANTINO: Senator Scutari.

SENATOR SCUTARI: Yes.

MR. COSTANTINO: Assemblyman Mukherji.

ASSEMBLYMAN MUKHERJI: Yes.

MR. COSTANTINO: And Assistant State Treasurer Shaughnessy.

MR. SHAUGHNESSY: Yes.

MR. COSTANTINO: Senator, you have three votes in the affirmative. Congratulations.

SENATOR SCUTARI: Thank you; thank you, gentlemen.
(applause)

All right; we may have to do this at the next meeting again.
(laughter)

MR. COSTANTINO: That's true.

SENATOR SCUTARI: It's all right; we're getting the people's business done.

Okay; the first order of business is the approval of the November 14 meeting minutes.

I will move the minutes.

MR. SHAUGHNESSY: Second.

SENATOR SCUTARI: Second.

Roll call on the-- I don't think Raj can vote on them.

MR. COSTANTINO: I think Gary spoke to him about that; I think he's okay.

SENATOR SCUTARI: Okay; he reviewed them. Okay then, let's have a roll call.

MR. COSTANTINO: Okay.

Senator Scutari.

SENATOR SCUTARI: Yes.

MR. COSTANTINO: Assemblyman Mukherji.

ASSEMBLYMAN MUKHERJI: Yes.

MR. COSTANTINO: And Assistant State Treasurer Shaughnessy.

MR. SHAUGHNESSY: Yes.

MR. COSTANTINO: You have three votes in the affirmative. And the minutes are approved for November 14, 2016.

SENATOR SCUTARI: Okay, great.

And now to the regular business.

And we have our new Director. Why don't you introduce yourself to everybody, so I get your name right?

C H R I S T O P H E R C H I A N E S E: Yes; thank you, Senator.

My name is Christopher Chianese.

SENATOR SCUTARI: Chianese; got it. Welcome; thank you for being here.

And we have some NPLs for consideration.

First under your books, Tab 1, is NPL 4682. What can you tell us about that?

MR. CHIANESE: Item No. 1 we're seeking approval for is for the Division of Child Protection and Permanency at 6480 Old Egg Harbor Road in Egg Harbor Township.

This is for a typical client service agency with administrative office space. This is a 10-year lease with two, 5-year options. This lease is a result of a competitive bid process. The larger space -- although it's a larger space to address overcrowding, the space actually results in a cost-savings to the State and will provide a newer, safer, and more cost-effective operation for children and families.

SENATOR SCUTARI: Okay; thank you.

Questions on the proposed lease? (no response)

Any questions? (no response)

Okay; I'll entertain a motion.

ASSEMBLYMAN MUKHERJI: Moved; so moved.

MR. SHAUGHNESSY: Second, Senator.

SENATOR SCUTARI: Thank you; roll call.

MR. COSTANTINO: Senator Scutari.

SENATOR SCUTARI: Yes.

MR. COSTANTINO: Assemblyman Mukherji.

ASSEMBLYMAN MUKHERJI: Yes.

MR. COSTANTINO: And Assistant State Treasurer Shaughnessy.

MR. SHAUGHNESSY: Yes.

MR. COSTANTINO: You have three votes in the affirmative, none in the negative. The motion to approve NPL 4682 carries.

SENATOR SCUTARI: Okay.

The next order of business is the approval of NPL 3869, which is Tab 2 in your brochure.

Would you tell us about No. 2?

MR. CHIANESE: The second item we are seeking approval for is for the Division of Child Protection and Permanency at 690 Broadway, in Bayonne, New Jersey. This is for space for the DCF employees with client service operation.

This is a short-term lease -- one year and six month extension -- at the existing location, with cost-savings and a small addition of space. The purpose of this extension was to provide the landlord with a five-year lease; in exchange the State has a unilateral right to terminate lease, as the State attempts to locate and procure a more suitable site.

SENATOR SCUTARI: Yes, that was my one question on this.

The current lease expired -- doesn't expire until December 31, 2020, correct?

MR. CHIANESE: That's correct.

SENATOR SCUTARI: So the extended term will begin on January 1, 2021, through June-- So it's a year-and-a-half extension? Is that what this is?

CHARLES J. CONNERY: Yes. The idea was to give the landlord a total of five years. So by extending the extra year-and-a-half, he gets five. For some reason, that was critical to the landlord to get that five years; but in exchange we have the unilateral right to terminate, which was

most important to us because there are some issues with the site. And in a perfect world we would identify, and go out to bid, and procure a new site.

So the flexibility was good for us. We reduced the rental rate, and the landlord got a slight reduction.

SENATOR SCUTARI: Was it a refinancing issue or, for some reason, that he needed a five-year lease? Was it a sales issue? Usually that's the case.

MR. CONNERY: It may have been a five-year -- or a refinancing, I suspect; the building has actually been sold. It was sold in the interim. I assume that having a five-year lease may have been critical to the sale.

SENATOR SCUTARI: Well, that's my assumption, for sure.

When you talk about the unilateral provision with respect to the termination of the lease, is that at any time during the course of the lease, or at any time during the course of the extension?

MR. CONNERY: Well, we need to give one-year notice at any time during the course of the lease.

SENATOR SCUTARI: So you could-- Even with the extension, you could say tomorrow, "We want out in a year."

MR. CONNERY: Yes, sir.

SENATOR SCUTARI: And it sounds as though you are already considering different options with respect to our needs at this general location.

MR. CONNERY: We are. Bayonne, as you may know, is sort of a tough market. There's not an abundance of buildings that are suitable for a large group like this. But we're going to see what we can do.

SENATOR SCUTARI: Okay; great. Thank you.

Any other questions on NPL 3869? (no response)

Seeing none, I'll entertain a motion.

ASSEMBLYMAN MUKHERJI: So moved.

MR. SHAUGHNESSY: Second.

SENATOR SCUTARI: Roll call, please.

MR. COSTANTINO: Senator Scutari.

SENATOR SCUTARI: Yes.

MR. COSTANTINO: Assemblyman Mukherji.

ASSEMBLYMAN MUKHERJI: Yes.

MR. COSTANTINO: And Assistant State Treasurer
Shaughnessy.

MR. SHAUGHNESSY: Yes.

MR. COSTANTINO: Senator, you have three votes in the
affirmative, none in the negative. The motion to approve NPL 3869
carries.

SENATOR SCUTARI: Thank you.

The next order of business is NPL 4685. Would you please
address that?

MR. CHIANESE: Item 3 is for the Department of
Environmental Protection, for the Division of Environmental Quality, at
516 East State Street in Trenton.

This space is for a combination of office and field operations.
This is a temporary, two-year term lease at a new location, with a one-year
option. This lease is part of a larger plan to close a 20,000 square-foot
space at the DEP Lab in Ewing and consolidate those programs into various

State-owned leases, including the field lab in Ewing. In conjunction with DEP, we were able to accommodate all but one small group; so we need to procure this lease until we can relocate this program into a State-owned space.

This is a very low-cost lease, and meets the DEP's immediate needs; but also allows us to close a larger lease and capture savings.

SENATOR SCUTARI: Great; thank you.

Questions on the NPL?

ASSEMBLYMAN MUKHERJI: Ah, yes, Chairman.

Just real quick -- from 20,000 to 1,600 square feet, because most of the folks are going over to the State Lab facility. What happens to these 48 employees after the two years? Are they going over to the main DEP building?

MR. CONNERY: At this point, I don't think there's room in the DEP building. But we see some potential opportunities with, maybe, DOT. We might have some other opportunities -- perhaps in the TOC building, where we just -- we want to look at our inventory over the next two years and see if we can come up with an alternative.

ASSEMBLYMAN MUKHERJI: Okay, thanks.

And there's a one-year option on this?

MR. CONNERY: Yes.

SENATOR SCUTARI: Thank you, Assemblyman.

Any other questions? (no response)

Seeing none, I'll entertain a motion.

ASSEMBLYMAN MUKHERJI: So moved.

MR. SHAUGHNESSY: Second.

SENATOR SCUTARI: Roll call.

MR. COSTANTINO: Senator Scutari.

SENATOR SCUTARI: Yes.

MR. COSTANTINO: Senator (*sic*) Mukherji.

ASSEMBLYMAN MUKHERJI: Maybe someday -- but "aye."
He said *Senator*.

MR. COSTANTINO: I'm sorry. (laughter)

ASSEMBLYMAN MUKHERJI: That's okay.

MR. COSTANTINO: *Assemblyman*; I apologize.

ASSEMBLYMAN MUKHERJI: I'm good with that, I'm good
with that.

SENATOR SCUTARI: I'll second that motion. (laughter)

MR. COSTANTINO: Okay; Assemblyman Mukherji.
And then Assistant State Treasurer Shaughnessy.

MR. SHAUGHNESSY: Yes.

MR. COSTANTINO: Senator, you have three votes in the
affirmative, none in the negative. The motion to approve 4685 carries.

SENATOR SCUTARI: Thank you.

The next order of business is NPL 4683; would you address
that?

MR. CHIANESE: The item for which we are seeking approval
is the State Marine Police, at 2 Simon Lake Drive, in Atlantic Highlands,
New Jersey.

This agency provides law enforcement services for the New
Jersey waterways. This is a 10-year term lease, at a new location, with the
Borough of Atlantic Highlands.

This site replaces a leased site where the landlord was unable to continue to lease to the State. The new site with the Borough provides better access for the State Police to address their various missions in that area of the state. This also represents a reduced square footage.

SENATOR SCUTARI: Okay; questions on the Marine Services Bureau lease? Any? (no response)

Seeing none, I will entertain a motion.

ASSEMBLYMAN MUKHERJI: So moved.

MR. SHAUGHNESSY: Second.

SENATOR SCUTARI: Roll call.

MR. COSTANTINO: Senator Scutari.

SENATOR SCUTARI: Yes.

MR. COSTANTINO: Assemblyman Mukherji.

ASSEMBLYMAN MUKHERJI: Yes.

MR. COSTANTINO: And Assistant State Treasurer Shaughnessy.

MR. SHAUGHNESSY: Yes.

MR. COSTANTINO: Senator, you have three votes in the affirmative, none in the negative. The motion to approve 4683 carries.

SENATOR SCUTARI: Okay.

The next order of business is NPL 4684; please address that.

MR. CHIANESE: Item 5 we're seeking approval for is Motor Vehicle Commission, 5000 Hadley Avenue, in South Plainfield. This is a standard Motor Vehicle Service Center.

This is a 10-year lease in a new location with two, 5-year options. DPM&C put this out to bid, but received no responses. We

contacted several additional potential landlords, and only one expressed interest in the project. DPM&C has expedited this project in order to meet the needs of Motor Vehicles as quickly as possible.

SENATOR SCUTARI: Is this a new building, a build-to-suit? Or is this an existing building with a retrofit?

MR. CONNERY: It's an existing site. I believe it's an office building.

SENATOR SCUTARI: And just so-- Because the Assemblyman is newer to this, and I also like to get updates all the time-- Motor Vehicles was one of those areas in which you guys did a study -- or at least considered options with respect to permanent facilities -- where the State became the owner of the facility -- I think Rahway is one of them -- and others where we're going to lease them. Can you explain how that fits into thoughts that you made with respect to whether or not to own or lease specific spaces, specifically this one?

MR. CONNERY: I would probably defer to Motor Vehicles on that; but my understanding is they don't have property in this area that would be suitable for construction. To my knowledge, it wasn't something that was on their list. I know they have a bunch of pending projects where they are still building new sites. But why this particular area isn't included, I'm not certain. I would defer to Motor Vehicles.

SENATOR SCUTARI: Is there anybody here?

ANGELA SPERRAZZA: Good morning.

SENATOR SCUTARI: Good morning. Can you tell us your name and title, for the record?

MS. SPERRAZZA: Yes; my name is Angela Sperrazza, and I'm with the New Jersey Motor Vehicle Commission. I'm the Director of Division of Support -- Facilities and Support Services.

SENATOR SCUTARI: Hi.

MS. SPERRAZZA: Hi.

SENATOR SCUTARI: How come we're going to lease this one, and others we're going to build?

MS. SPERRAZZA: Okay; we don't have a facility in the South Plainfield area, at this point. We do have high volume in this particular area. In regards to our other leases, I believe in--

SENATOR SCUTARI: Where are the people who are going to be serviced here currently serviced, do you think?

MS. SPERRAZZA: Right now, we have-- Customers are going to Edison and Rahway. Right now, in Edison, you'll find that we have a lot of customers; they're outside the building, wrapped around the building. Same thing with Rahway; we have an abundance of customers going in that area. Having this particular facility in South Plainfield will help us bring those customers back into the South Plainfield area.

SENATOR SCUTARI: Wasn't there a previous South Plainfield Motor Vehicles?

MS. SPERRAZZA: Yes, we were evicted from that.

SENATOR SCUTARI: And my understanding is that it just closed a month ago.

MS. SPERRAZZA: We were evicted from that premise.

SENATOR SCUTARI: Okay; so when you closed that, the people who were being previously serviced at the South Plainfield facility must have gone to Edison and Rahway; that's--

MS. SPERRAZZA: Yes. We scattered them throughout.

(addressing colleague in audience) Was there another facility where we put those people? No?

SENATOR SCUTARI: So why did they close that without having this open, or-- What was the reason for closing the current facility in South Plainfield a month ago?

MS. SPERRAZZA: The landlord wanted us out.

SENATOR SCUTARI: Ah; so you got thrown out.

MS. SPERRAZZA: Yes.

SENATOR SCUTARI: You had to close up.

MS. SPERRAZZA: Yes; he evicted us.

SENATOR SCUTARI: Okay. What were the terms of the lease on that?

MS. SPERRAZZA: The 10-year lease was coming to an end May 31 of this year.

SENATOR SCUTARI: How much notice was given with respect to that?

MR. CONNERY: Sir, I might be able to address that a little better.

We had a little bit of an unusual situation in that site. We actually--

SENATOR SCUTARI: I'm gathering that. (laughter) I've been sitting on this Committee for a lot of years; I don't remember this happening.

MR. CONNERY: Yes; what had happened was, when we first moved into that site many years ago, there were issues with water infiltrating through the floor and creating what we were concerned would be a health hazard.

SENATOR SCUTARI: Okay.

MR. CONNERY: Initially, the landlord addressed that problem; he did some construction in the building, and it seemed to be remediated for a period of time.

I would say, in the last several years, the problem reoccurred. We had an ongoing dispute with the landlord as to his obligation to continue to remediate that issue. The landlord was not inclined to do what we thought was necessary to make the site safe and suitable. We were reluctant to take self-help measures, and bring in contractors and tear up his floor, and do things like that. So we thought the best solution was to try to terminate the lease, or to not renew it. We had a five-year option.

SENATOR SCUTARI: Yes, but when did this all happen? I mean, you didn't just find out about this, like, a month ago.

MR. CONNERY: No; it occurred, I'd say, probably within a year of the end of the lease. We worked with Motor Vehicles; we tried to get our scope of work together. We did; we went out to bid. We didn't get any bidders on the project. We scoured the area for other potential bidders. And the numerous that we identified -- only one was willing to bid. We had to work with that person. But unfortunately, all these things -- getting

the scope together, satisfying Motor Vehicles' needs, getting the information we needed, identifying a landlord, going through our process -- all took more time than anybody anticipated.

So we did try to extend the lease with the landlord, but the relationship -- just on a short-term basis -- but the relationship had really soured to a point where he wouldn't have anything to do with us.

SENATOR SCUTARI: I gather that.

But I mean, in terms of-- Think about what happened here. We knew for a year that we were having problems with this landlord, and we couldn't get it together to know that we should get another space -- whether we build it or lease it. We close up; you have to take all your stuff out, you have to displace all these employees. And now we're going to replace them in another building a month or two later. I mean, does that strike anybody else as kind of crazy, besides me, in terms of the, kind of, wastefulness of the way it worked out?

MR. CONNERY: All I can say is that it was a very difficult situation, not one that we face very often. Ordinarily, we can work with landlords and come to agreements. We weren't in this case. I don't know what more I can say about it.

SENATOR SCUTARI: The landlord who we just had the problem with -- do they have any current leases with the State; any other ones, besides this?

MR. CONNERY: No; and I would say they were sort of neophytes in terms of dealing with the State. They are a retail operation; and, typically, those types of landlords -- they turn the space over to the

tenant, and then the tenant does all the work, and the tenant takes care of the building.

SENATOR SCUTARI: Like a triple-net lease situation.

MR. CONNERY: Yes; and we don't operate that way. We rely heavily on a landlord to maintain the site, to make repairs that are necessary. And this landlord had difficulty getting with that program.

SENATOR SCUTARI: In terms of the cost of the facilities, for what we have in terms of the square footage amounts, how is this comparable to the old lease that we had? Is it better, is it more expensive? I mean, we're kind of in a difficult spot here.

MS. SPERRAZZA: It's more.

MR. CONNERY: It's somewhat more expensive. I would say that the tradeoff is that it's a better location and it provides access to the freeways; the parking is better for the customers; there's an abundance of parking at this site. So in my mind -- and Ms. Sperrazza can confirm or dispute it -- but I think this is an upgrade for Motor Vehicles and for their customers.

SENATOR SCUTARI: So let me get back to my original question, with respect to Motor Vehicles.

Sometimes we're building buildings, and sometimes we're entering into long-term leases on buildings. How are you making that determination as to which ones we should build, and buy, and own forever, versus the ones that we're entering into decades-long leases, like in this situation?

MS. SPERRAZZA: As you know, we were here in 2006, and we made a commitment to this Committee to do a couple of things -- one,

to reduce our leased facilities by 10 percent; and also look to our State-owned land and build our facilities.

So far, I think by the end of 2010, we actually reduced the number of leased facilities by 18 percent.

SENATOR SCUTARI: Okay.

MS. SPERRAZZA: And as you know, we have built, on State-owned land, places like Freehold, Flemington, South Brunswick; we shut down Morristown and Randolph and built on the Randolph State-owned land there. So we've been trying to do that all along.

We have another facility that we're going to be building; and DPM&C is, right now, negotiating with the GC on Delanco; we're going to be building one there, and we're going to reduce--

SENATOR SCUTARI: Where's that?

MS. SPERRAZZA: Delanco, in Burlington County. And we're going to try to reduce-- We have two facilities in Burlington County, and we'll reduce it by one.

SENATOR SCUTARI: Do you have an idea of how many facilities the Motor Vehicle Commission owns, and how many they lease?

MS. SPERRAZZA: We lease approximately 39 facilities at this moment; and we have approximately 10 that we own.

SENATOR SCUTARI: Okay.

Well, I don't think we can do anything but approve this lease, because your people are kind of spread out all over the place, and the place has been closed for a month.

When would this lease begin?

MS. SPERRAZZA: Well--

MR. CONNERY: We will sign the lease -- I believe the lease is already pretty much negotiated. The landlord has to complete construction drawings, which are part of the lease, and then they'll start construction.

SENATOR SCUTARI: When do you think you'll be in there?

MR. CONNERY: I'm not certain what the schedule is. I would hope it's within six months.

SENATOR SCUTARI: Okay; any other questions?

MR. SHAUGHNESSY: No sir; thank you.

SENATOR SCUTARI: Okay; motion?

ASSEMBLYMAN MUKHERJI: So moved.

MR. SHAUGHNESSY: I'll second that.

SENATOR SCUTARI: Roll call.

MR. COSTANTINO: Senator Scutari.

SENATOR SCUTARI: Yes.

MR. COSTANTINO: Assemblyman Mukherji.

ASSEMBLYMAN MUKHERJI: Yes.

MR. COSTANTINO: And Assistant State Treasurer Shaughnessy.

MR. SHAUGHNESSY: Yes.

MR. COSTANTINO: Senator, you have three votes in the affirmative, none in the negative. The motion to approve 4684 carries.

SENATOR SCUTARI: Okay; the next order of business is NPL 3888.

MR. CONNERY: Senator, could I-- One other quick comment.

SENATOR SCUTARI: Sure.

MR. CONNERY: I had said we had an immediate right to terminate the Bayonne lease. It actually starts at the beginning of -- or at the end of this year.

SENATOR SCUTARI: Okay.

MR. CONNERY: So I just wanted to be clear on that.

SENATOR SCUTARI: Thank you; thank you for that clarification. I appreciate it.

Okay, the next order of business, as I said, was 3888 -- and it's an extension and cost-savings for the Office of Public Defender.

Do you want to tell us about that?

MR. CHIANESE: Item 6 we're seeking approval for, is for the Office of the Public Defender at 5914 Main Street in Mays Landing.

This is for office space; this is a five-year lease extension with cost-savings. This site works well for the Public Defender who has requested to remain in this location.

DPM&C looked at other potential options and determined that remaining in the current location was the most cost-effective approach at this time.

SENATOR SCUTARI: Thank you.

Questions on that, NPL 3888? (no response)

Seeing none, I'll entertain a motion.

MR. SHAUGHNESSY: I'll move it.

ASSEMBLYMAN MUKHERJI: Second.

SENATOR SCUTARI: Roll call, please.

MR. COSTANTINO: Senator Scutari.

SENATOR SCUTARI: Yes.

MR. COSTANTINO: Assemblyman Mukherji.

ASSEMBLYMAN MUKHERJI: Yes.

MR. COSTANTINO: And Assistant State Treasurer Shaughnessy.

MR. SHAUGHNESSY: Yes.

MR. COSTANTINO: Senator, you have three votes in the affirmative, none in the negative. The motion to approve 3888 carries.

SENATOR SCUTARI: Okay.

The final NPL is No. 3961, which is a lease extension for five years.

Can you tell us about that?

MR. CHIANESE: This is for various departments; it's at 75 Veterans Memorial Drive, in Somerville.

This is for administrative offices and client service space. This is a five-year lease with a five-year option, negotiated with cost-savings. This is a consolidated office building that houses the Public Defender, Labor, Human Services, and Taxation. This site has worked extremely well for the State, and we feel that it is the most cost-effective option to remain at this site, at least in the short-term.

SENATOR SCUTARI: Any questions on the NPL?

MR. SHAUGHNESSY: None.

SENATOR SCUTARI: Seeing none, I'll entertain a motion.

ASSEMBLYMAN MUKHERJI: So moved.

SENATOR SCUTARI: Second?

MR. SHAUGHNESSY: Second.

SENATOR SCUTARI: Roll call, please.

MR. COSTANTINO: Senator Scutari.

SENATOR SCUTARI: Yes.

MR. COSTANTINO: Assemblyman Mukherji.

ASSEMBLYMAN MUKHERJI: Yes.

MR. COSTANTINO: And Assistant State Treasurer
Shaughnessy.

MR. SHAUGHNESSY: Yes.

MR. COSTANTINO: Senator, you have three votes in the
affirmative, none in the negative. The motion to approve 3961 carries.

SENATOR SCUTARI: Okay; thank you.

There are no Executive Session needs at this point in time.

MR. COSTANTINO: No.

SENATOR SCUTARI: I think we're done with you guys for
now. (laughter) We may have some other thing to do, though; but thank
you.

And welcome, Director.

MR. CHIANESE: Thank you very much, Senator.

MR. CONNERY: Thank you.

SENATOR SCUTARI: Thank you.

There is no agenda item for new business or public
commentary; but I understand there was a request.

MR. COSTANTINO: Correct.

SENATOR SCUTARI: So, I mean, we can entertain that for a
moment, with respect to--

So there was a member of the public who wanted to come up
and address the Committee? It's not the ordinary course of business, but

we have a special request, so we figured we'd entertain it for a few moments.

DAN FATTON: Thank you.

SENATOR SCUTARI: If you could remain standing and tell us your names and who you are.

MR. FATTON: My name is Dan Fatton. I'm a resident of Trenton, and I am also the Vice Chair of the City of Trenton's Planning Board.

SENATOR SCUTARI: Of the what?

MR. FATTON: The City of Trenton's Planning Board.

SENATOR SCUTARI: Planning Board; Vice Chairman of the Planning Board.

ANNE LaBATE: Hi; my name is Anne LaBate. I'm a Trenton resident and I own a business downtown. And I have been active in an organization called Stakeholders Allied for the Core of Trenton.

SENATOR SCUTARI: Thanks for coming. What do you want to tell us?

MR. FATTON: Well, good morning. Thanks for allowing us to speak.

As I said, I'm Dan Fatton; I'm a resident of Trenton for about 10 years now.

And I hope that the Committee is actually familiar with the master planning process that's gone on in this City. We just revised our Master Plan; it's called *Trenton 250*. We engaged hundreds of stakeholders -- including many who work in State offices -- and put out a pretty robust, comprehensive vision for the City and what we want to see in our

downtown. We want it to be a vibrant place where people want to come work and want to come live.

However, we're concerned about the State's plan regarding--

SENATOR SCUTARI: If you have a copy of that, perhaps you could provide it to us?

MR. FATTON: I don't with me; but I'd be happy to follow up.

SENATOR SCUTARI: No, I don't mean now; I mean later.

MS. LaBATE: Do you mean the City's plan, or the State's plan?

MR. FATTON: The City's plan.

SENATOR SCUTARI: The City's plan.

MS. LaBATE: Oh, sure; yes.

MR. FATTON: Yes, I'd be happy to send a copy. And it's also at Trenton250.com online, but I will follow up.

SENATOR SCUTARI: Okay.

MR. FATTON: So the State has a plan now for the Department of Health and the Department of Agriculture, which I think everyone agrees needs to be addressed. However, the plan that's been put forward and that we've heard about at the EDA meetings, and that has been discussed--

MS. LaBATE: Taxation.

MR. FATTON: Sorry; Taxation, and Health, and Ag -- doesn't comport with the vision that we've articulated in the City's Master Plan. And we're concerned about the plan to, basically, perpetuate surface parking downtown; have a single-use office building; it's not transit-oriented.

And so we're here to basically express concern to this Committee and ask -- we're currently speaking with our own legislators, but we would ask that you look into this, because we think that *a*) it's a big expense for the State. This is more than \$130 million that is going to be spent on these buildings. And we think that the proposed project needs to consider the vision that's been articulated by the City for what we want downtown; we think that's better for the residents and, frankly, better for the State.

It's also important to note that there's an opportunity to engage with groups -- like Stakeholders ACT, which represents both businesses and residents of the downtown -- to come up with a plan that works better for everyone.

There are lots of vacant properties in the downtown area; you know, the Governor just made his announcement about the vacant property tear-down money. There's a vacant property initiative, that's been run by a community development group called *ISLES*, in the downtown. The City has its own vacant property initiative. So there are lots of properties that we could be looking at, and we don't think that that analysis of available properties was done properly or thoroughly by the EDA.

So we think, let's utilize those spaces; let's create a vibrant mixed-use community that's connected to our transit system, which is the biggest asset in downtown and, frankly, could save the State some money in terms of parking lot -- the surface parking lot that you would be required if you aren't encouraging more people to take transit.

So we're basically here to just ask that you look into this issue. I'll be happy to provide a copy of the Trenton 250 Plan. But we think that

it's worth putting on your radar because there's a lot of concern from residents.

Did you want to add anything, Anne?

MS. LaBATE: What I want to add to that is, it's really quite disheartening to have gone through this planning process-- And the Plan has been lauded by anybody who knows about economic development and urban development -- has said, "What a great plan." And then they look at the State's plan and are appalled.

So we're looking for the State to consider public-private partnerships, which is more state-of-the-art; which is how urban development is done today. And in fact, what we understand, and what created the problem, was that they started from the premise that they would only look at State-owned land. But the State-owned land happens to be at the fringe of downtown. So you're putting people at the fringe of downtown, further away from our retail core. People would be closer to their cars and closer to the highways; and our businesses need the State workers. As it is, we have a lot of vacancies. We think that goes to the extreme; we think that gets worse as you pull people to the fringe of downtown.

And it's quite disheartening also to see that that our EDA -- that has been running this for the Governor -- participates all over the state in extraordinary public-private partnerships, mixed-used projects, because that's what's done. But in Trenton, these are single-use, surface parking lot-dependent; they might as well be in the suburbs. And they're -- it's really quite devastating for any kind of long-term view--

SENATOR SCUTARI: Can you give us an example of what you're talking about?

MS. LaBATE: Of good projects?

SENATOR SCUTARI: No, no; of what the criticism -- of what the EDA is doing now in the Trenton area.

MS. LaBATE: Well, the EDA plans to-- The first announcement, they literally said they were going to tear down Taxation and put in a park. Now, if you know where Taxation is, on the corner of State and Barracks streets -- that's a key location.

MR. FATTON: It's the center of the City.

MS. LaBATE: And there are, like, 800 to 1,000 people who would be pulled down towards the river, down towards all the surface parking lots. And so they'll walk out the door, and they'll see their cars; or they could walk three, four, five blocks up to the restaurants. I'm sorry, but we're kind of a suburban state, and we can't make that easy for us them -- sorry.

Now, also, 25 years ago the State built, through the EDA -- built the Motor Vehicles headquarters; which also had NJN, and it had the Post Office. Well, the Post Office is a one-story building, but that wasn't intended to be a one-story building. It was intended to be five, six, seven more stories on top of it. There is a door to nowhere; but the door leads through the lobby that was to go to the upper floors. If you look at the roof, there is not one stitch of equipment on the roof of the Post Office, because you were supposed to build on it. Well, they are not building on it. It's much closer to the train station.

When we raised that with EDA, they said, “You know, it’s really hard to work with the Post Office.” And I thought, “Do you have Cory Booker’s phone number?” I mean, the Post Office needs the money; you planned this.

In that same complex, there was a mixed-use project; there’s a lot of retail. They have not aggressively tried to lease that, and they are literally, in store fronts on State Street, storing office furniture because there’s not enough density--

SENATOR SCUTARI: Who’s storing office furniture?

MS. LaBATE: Treasury.

SENATOR SCUTARI: Got you.

MS. LaBATE: So they’re not working-- We need density in our downtown near the retail. We need density so that people can walk to the train station. They are doing the opposite. They’re building, like, suburban-style; and the problem is, they basically said, “We’re only going to look at State-owned land.” The truth of the matter is, there are development sites -- there are buildings-- I have-- You know, I do commercial real estate; there’s a 97,000 square-foot empty building that they vacated 20 years ago that’s kind of waiting. There’s a parking lot next to it. This could be redeveloped. Again, it’s far closer to the train station. They don’t look at it because the State doesn’t own it. But you know what? It’s very affordable. It’s Trenton real estate; it’s not expensive.

And when you look at land values in mixed-use urban development projects, the land cost is really a fraction of a fraction of the cost.

So, you know, we understand that this Committee will have authority over this. The intent now is that EDA would sell bonds; they first announced a 300,000-square-foot project, and they said \$135 million in bonds. They have since increased the project, quietly, by a third; so now it's 400,000 square feet. So we're thinking \$175 million. But the truth is, when you talk to urban development people, they say, "When you do this on the public side, almost any place in the country it's going to be \$100 a square foot more for the public sector to do it than if you did it as a mixed-use, public-private partnership long-term lease."

We look at the situation, too, with parking downtown. I happen to also sit on the Parking Authority. The truth of the matter is, our parking decks are empty more than they are occupied because we don't have a good mixed-use downtown. But if we could engage this as mixed-use, public-private partnership-type development -- that's what we went after because that is how urban development is done -- we could mix in apartment development--

SENATOR SCUTARI: What's been your communication with the State on these various issues?

MS. LaBATE: We have been to every possible EDA meeting and Cap City Redevelopment Corporation meeting. You know, we're talking to Assembly people; we've been -- you know, we've been having those communications. They are basically telling us--

SENATOR SCUTARI: Because I saw the Mayor with the Governor on TV the other day.

MR. COSTANTINO: Yes.

MS. LaBATE: Oh, I'm sure. And that -- I'm sure-- He's doing that for-- Well, frankly, I think he does that to keep a lid on the Mayor so that he can spend millions and millions of dollars through his channels that he likes to channel. And I don't believe the Governor has looked at the project. I think, to me, public-private partnerships ought to be what a Republican Administration should be listening for. I think this was just announced and put out there without any kind of an impact study that broadly looked at things like, what's the effect on parking if you go further from the train station? What's the effect on the downtown if you continue to let it, sort of, rot at its core -- which is a cold way to put it, but it's the truth. We have big, hulking, empty, former State office buildings downtown. They're privately owned; they're not valued at a lot. But the State simply didn't look at them because they don't own them. That's not how urban development is done these days. That's how-- And so what the State is saying is, Taxation's not safe; they're all not safe; they have to tear them down. They have to vacate them, they have to get their people out.

At the same meeting they're saying things like that, they're saying "Well, we've been keeping the State House open for 20 years now." I'm saying, "So we need you to take about six months longer and relook at this plan and change the plan." If you could, kind of, do the duct tape to keep the State House going for 20 years before you actually started the project, maybe slow down here a little bit and look at what are the options; what's going to be good for our Capital City.

They're the Economic Development Agency, and there's no economic development analysis that has been done on this at all. They just

said, "We own this land, and we own this land; site the buildings." Which way do they face, is what it has come to.

I mean, I think that we've had a little bit of influence, because we pushed and said, "You cannot create a void by tearing down Taxation and putting up a pocket park. We don't need a pocket park."

So now they're talking about, "Well, okay; we'll keep it alive, maybe we'll offer it to the private sector." But they have really no plan for that.

It's just all kind of-- But its moving ahead very quickly, which is why we are here; we were at the State House Commission; and we're going to continue with op-eds. I mean, you know, our former Senator, Bob Torricelli -- who is a significant developer in downtown Trenton now, doing really quite wonderful projects -- will be doing an op-ed. I mean, Bob Prunetti and Bob Torricelli tried to get a meeting with the Governor; no response.

Significant urban development experts agree with us, you know? And people who spent -- you know, the City spent a half-a-million dollars on a consultant for its plan; hundreds of people were involved; focus groups, and surveys, and all kinds of reviews and comments. This totally ignores that plan. And not only does it ignore the plan, it sets us back. Because where they intend to build is intended to be another node of our downtown in the future, that would be on tax rolls, that starts to stabilize the tax base of the City; and they're just plopping a State office building that will not be on the tax rolls and will be surface parking lot-dependent.

It's just -- it's bad development. I mean we've considered, perhaps, trying to get a legislative hearing to bring this out and to bring in

experts to talk about this. But there has been no significant analysis. I mean, they'll say they looked at the plan, but they acknowledge they're building single-use buildings in mixed-use zones. They're building six-story buildings in three-story zones. You know, we want State offices in the core -- which is all color-coded on the map -- and they're not in the core. State policy calls for transit oriented to be within a half-mile of the train station. They are outside the half-a-mile radius. It just-- You know, it's mediocrity to be expedited. And it just -- it's bad for the City; and I think economically, it's going to cost more. I mean, the basic math of the \$135 million that they announced, divided by the 305,000-square feet that they announced initially, is \$450 a square foot. That's wildly high; wildly high. Any private developer could do better than that.

And, you know, we've talked to folks who have done this, and they said, "Yes, when I did Cap Center years ago, I had to come before this Committee and justify my numbers and the savings I was going to provide over the State doing it themselves." And he said, "It was hard, but we did it."

And the money is cheap right now; the private sector could do it, and they would do more. They would do apartments; they would do integrated parking, so the parking could be used for apartments and for other -- at the time. I mean, parking works in Hoboken, because it's used around the clock. Parking is expensive in Trenton because it's empty more than it's occupied.

This is just bad, bad planning. And we're trying to talk to every -- anybody and everybody we can, to shine some light on this and get better planning for our Capital City.

SENATOR SCUTARI: Any questions? (no response)

Thank you for bringing that to your attention. And keep us posted, and please feel free to give us a copy of your City Plan.

MS. LaBATE: Super.

MR. FATTON: Thanks; thanks very much.

MS. LaBATE: Thank you so much.

SENATOR SCUTARI: Thanks a lot.

ASSEMBLYMAN MUKHERJI: Thank you.

MR. COSTANTINO: Mark, get the gentleman's name so we can get that City Plan and forward it to them.

MR. KAMINSKI (Committee Secretary): Sure.

SENATOR SCUTARI: That would be great; absolutely.

Okay, I'll make a motion to adjourn.

All in favor? (affirmative responses)

We're adjourned.

(MEETING CONCLUDED)