
Committee Meeting

of

STATE LEASING AND SPACE UTILIZATION COMMITTEE

LOCATION: Committee Room 16
State House Annex
Trenton, New Jersey

DATE: June 24, 2010
12:30 p.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Nicholas P. Scutari, Chair
Assemblyman Vincent Prieto
Robert Romano



ALSO PRESENT:

John A. MacCalus
Office of Legislative Services
Committee Aide

Frank "Skip" Stabile
Senate Majority
Committee Aide

Gary A. Kotler
Counsel

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

TABLE OF CONTENTS

	<u>Page</u>
Steven M. Sutkin Director Contract Administration Division of Property Management and Construction New Jersey Department of the Treasury	2
Craig Bruch Assistant Deputy Director Lease Procurement and Disposition Division of Property Management and Construction New Jersey Department of the Treasury	3
rs: 1-13	

SENATOR NICHOLAS P. SCUTARI, (Chair): Hello, everyone. Greetings.

I don't have a gavel, so-- (knocks on desk) We'll call the Space Utilization Committee meeting to order.

Because of the extraordinary heat, if you want to remove your jackets, feel free. I did already.

Mr. MacCalus, may we have a roll call?

MR. MacCALUS (Committee Aide): Yes, we may.

The June 14, (*sic*) 2010 meeting is called to order at 1:05 p.m. We have a new designee for the Treasurer. He is Deputy Treasurer Robert Romano. We have a letter everybody has a copy of. He will be the permanent replacement for the Deputy Treasurer.

And sitting in for Assemblyman Coutinho is Assemblyman Vincent Prieto. And there is also a letter from the Speaker to that effect.

SENATOR SCUTARI: I like meetings where I'm the only one who knows what is going on. (laughter) I'm just kidding of course. The Assemblyman and I have talked, and we're ready to move the meeting.

MR. MacCALUS: Okay, great.

SENATOR SCUTARI: So let's have it.

MR. MacCALUS: So in attendance: Chairman Scutari.

SENATOR SCUTARI: Here.

MR. MacCALUS: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Here.

MR. MacCALUS: And Deputy Treasurer Romano.

DEPUTY TREASURER ROMANO: Here.

MR. MacCALUS: Okay. We have a quorum.

The notice of this meeting of the State Leasing and Space Utilization Committee was provided to the Secretary of State, the *Courier Post*, the *Star-Ledger*, the *Trenton Times*, and the State House Press on June 18, 2010, in accordance with the Open Public Meetings Act.

And just to mention that -- due to the membership being changed, we're going to hold onto the meeting transcript until we can get a meeting to put some of that together to try to get some approvals on that.

At that point, I turn it over to Steve Sutkin.

S T E V E N M. S U T K I N: Thank you, John.

Good afternoon. We have seven lease proposals for your consideration today. I will take you right to the first one, which is-- I want to say preliminarily, for the record, that No. 8 has been withdrawn. It is a lease for the Department of Labor, and it's being withdrawn.

SENATOR SCUTARI: Before we move on, why is that being withdrawn? Just so I know.

MR. SUTKIN: The Department of Labor, at the last minute, reconsidered the space need and decided they would consolidate the operation into already existing space.

Okay. No. 1 is a lease for the Motor Vehicles Commission. It is an expansion of an existing lease.

To give you a little bit of background first, procedurally we initially presented this lease in the package we presented a couple of days ago as a cost-savings measure. It was kind of close. We're pulling that back, and we've provided an amended package. And we're moving forward with not advertising, because it is an addition to existing space with a coterminous amendment. It's not a large addition. It's 2,400 additional

square feet being added to an existing lease in Oakland. We are leaving an agency space in Wyckoff and consolidating the operations into the Oakland agency, and adding about 50 percent to the space. It's an additional 2,400 square feet of space. So the basis is continuous space.

SENATOR SCUTARI: You're losing 1,800 square feet in Wyckoff, right?

CRAIG BRUCH: Correct.

SENATOR SCUTARI: And you're adding 2,400 square feet in the already leased space in Oakland.

MR. BRUCH: Correct.

MR. SUTKIN: Yes.

SENATOR SCUTARI: I did speak to Mr. Sullivan on my way here just to get some clarification, because as we move forward -- and you're aware of my preference for these lesser-than-long-term leases, especially when it comes to Motor Vehicles services. It doesn't seem like we're going to get out of that business any time soon. And I am aware that Motor Vehicles has been doing some building on land that they already own. And Mr. Sullivan was kind enough to enlighten me that they did look into acquisition of land, and building. But apparently because of the pricey-ness and the difficulty in trying to get land in those highly desirous areas -- and areas where there are a lot of people -- it was difficult to locate a more permanent structure. Is that a fair sense?

MR. SUTKIN: Yes.

SENATOR SCUTARI: Because I had a lot of concerns about this. But I will credit Mr. Sullivan for enlightening me on that, and I will

take him at his word that this is a necessary extension. So I'm satisfied with that.

MR. SUTKIN: Well, in that regard, I present it for your approval.

SENATOR SCUTARI: Okay. Can I have a motion for lease No. 1?

DEPUTY TREASURER ROMANO: So moved.

ASSEMBLYMAN PRIETO: Second.

SENATOR SCUTARI: Roll call.

MR. MacCALUS: Okay. On lease-- On the first lease item: Notice of Proposed Lease No. 3832, for the Motor Vehicles Agency in Oakland -- Chairman Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Yes.

MR. MacCALUS: And Deputy Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. MacCALUS: Okay, it's been passed.

SENATOR SCUTARI: Okay. The next agenda item.

MR. SUTKIN: The next agenda item is Notice of Proposed Lease 4455, and it is actually for the rental of four boat slips at the Schooner Island Marina in Wildwood, New Jersey, for the New Jersey State Police for their law enforcement activities. The costs are relatively minimal. It's about \$2,300 per boat slip for boats of various sizes. And we advertised a few years ago, and this was one of the most cost-effective leases, and this is a continuation of that initiative.

SENATOR SCUTARI: That's for the State Marine Police activities down there.

MR. SUTKIN: Yes.

SENATOR SCUTARI: Cape May County.

MR. SUTKIN: Yes.

SENATOR SCUTARI: Okay. All right.

Any questions on the lease? (no response)

Can I have a motion.

ASSEMBLYMAN PRIETO: I make a motion.

DEPUTY TREASURER ROMANO: Second.

MR. MacCALUS: On Tab No. 2, Lease No. 4455 -- Chairman Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Yes.

MR. MacCALUS: Deputy Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. MacCALUS: It has passed.

MR. SUTKIN: The next item is similarly a lease extension with cost savings, for the New Jersey State Police, Department of Law and Public Safety, for their facility in Egg Harbor Township which has 27 employees.

SENATOR SCUTARI: Any questions on that lease? (no response)

Seeing none, I will entertain a motion on No. 3.

DEPUTY TREASURER ROMANO: I make a motion.

ASSEMBLYMAN PRIETO: Second.

SENATOR SCUTARI: Roll call, please.

MR. MacCALUS: Okay. Chairman Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Yes.

MR. MacCALUS: And Deputy Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. MacCALUS: It has passed.

MR. SUTKIN: Thank you very much.

The next one, Item No. 4, is Notice of Proposed Lease 4433. This is actually a clarification that we bring to the Committee. We already got this lease extension approved, except the terms that we originally presented are different than the ones that were agreed to. So we memorialized it incorrectly to the Committee before, and we've come back to clarify the record.

SENATOR SCUTARI: I had a recollection. Can you just encapsulate, for the Committee, the changes as they were previously approved as to now?

MR. SUTKIN: We added a five-year term.

MR. BRUCH: The utilities were included in the rent originally, and now they're excluded. It was a misunderstanding. From the correspondence that we received, it wasn't clear.

MR. SUTKIN: From an absolute dollars perspective, the savings across the five-year term we described to the Committee as \$538,000. If you include the utilities, which are really the State's responsibility--

SENATOR SCUTARI: Well, now they are. They weren't when we last approved it.

MR. SUTKIN: Well, they actually were. We just told you wrong.

SENATOR SCUTARI: That's a good sign.

MR. SUTKIN: The savings are really \$394,000 across the five-year term.

SENATOR SCUTARI: Just ask-- How is there-- I would think that that's one of the things that was talked about -- as to whether or not the utilities are included in the lease payments. Did you think that, or was this just--

MR. BRUCH: I originally read the lease as an extension. And they were included in the lease. In the proposal that they submitted, it led you to believe that they were still included. But when you read further down in their proposal, they excluded it. And it should have been highlighted, because that's an integral part of the deal.

We discussed it after we went back and reviewed it. And we discussed about the issue, and they were not willing to change what was presented.

SENATOR SCUTARI: Would that change any of the competitiveness with other potentials for this location?

MR. BRUCH: I believe -- and we researched it -- that the rental rate is below market in that area.

SENATOR SCUTARI: Just not as below as it was.

MR. BRUCH: No. It was my mistake. I didn't pick it up. It wasn't highlighted, and it should have been highlighted.

SENATOR SCUTARI: And so the cost savings that was described previously is less, meaning now there is--

MR. BRUCH: Yes, sir.

SENATOR SCUTARI: That's the positive way to put it. And in the negative way, we're going to be paying more as a result of our action today, from what we understood.

MR. BRUCH: You're still saving over the term of the lease, sir. But you're not saving \$534,000; you're only saving \$394,000.

SENATOR SCUTARI: The glass half-full or half-empty.

Any other questions on this? (no response)

I'll entertain a motion.

ASSEMBLYMAN PRIETO: I make the motion.

DEPUTY TREASURER ROMANO: Second.

SENATOR SCUTARI: Roll call.

MR. MacCALUS: Okay. Chairman Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman.

ASSEMBLYMAN PRIETO: Yes.

MR. MacCALUS: And the Deputy Treasurer.

DEPUTY TREASURER ROMANO: Yes.

MR. MacCALUS: It has passed.

SENATOR SCUTARI: Okay. The next item.

MR. SUTKIN: The next item is No. 5 in your notebook. It's NPL, Notice of Proposed Lease, 3918. It's for the Office of the Law Guardian and Mental Health Advocate. We're currently at 20 East Clementon Road. I believe that's Gibbsboro. And it is a reduction in the

square footage price from \$17 to \$16.50 a square foot for the first three years. And then there's two individual, annual renewals which is a unilateral option to extend the renewals at \$16.75 a square foot. It's not a big lease. It's 9,054 square feet.

SENATOR SCUTARI: Was that lease coming to an end?

MR. BRUCH: Yes.

MR. SUTKIN: What was the expiration?

MR. BRUCH: The expiration was -- or is October 31, 2010, and it is a fully gross lease, including operating expenses -- no pass-throughs.

SENATOR SCUTARI: Okay. Any questions on that lease?

(no response)

Seeing none, motion please.

ASSEMBLYMAN PRIETO: I make that motion.

DEPUTY TREASURER ROMANO: Second.

SENATOR SCUTARI: Roll call.

MR. MacCALUS: Okay. Chairman Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Yes.

MR. MacCALUS: And Deputy Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. MacCALUS: It has been approved.

SENATOR SCUTARI: Next item.

MR. SUTKIN: The next item is No. 6. It's Notice of Proposed Lease 4633. This is a result of the State being evicted from a county facility in Kearny, where the State was housing the SVPs, the violent predators,

which you may be aware of. And the lease that we're talking about here that we located -- those individuals were relocated to East Jersey State Prison. But there's a significant amount of support staff. Because the -- whether you call it *incarceration* or the placement of these individuals, live somewhere between the Department of Corrections and the Department of Human Services. And so they require a lot of support staff to attend to these folks. So we obtained an emergency lease in Woodbridge Township for counselors and professionals to attend to these folks.

SENATOR SCUTARI: Woodbridge or Edison?

MR. BRUCH: Orange.

MR. SUTKIN: It's Orange.

MR. BRUCH: Edison is where they're being placed today, sir.

MR. SUTKIN: Thornall in Edison is the location. I'm sorry.

SENATOR SCUTARI: The new location.

MR. SUTKIN: Yes.

SENATOR SCUTARI: The 10-month lease.

MR. SUTKIN: Ten-month lease.

SENATOR SCUTARI: What happens at the end of the 10 months?

MR. SUTKIN: We're looking to find facilities on State-owned property. We actually have a design underway -- or design procurement underway. And ultimately there will be construction on State-owned property to house the support staff.

SENATOR SCUTARI: These are administrative offices, as it relates to the support of these offenders, correct?

MR. SUTKIN: Yes.

SENATOR SCUTARI: So where do you anticipate that that is going to be in the next 10 months? Is 10 months going to be long enough for you to locate, build, and--

MR. SUTKIN: We're accelerating it right now. It's a combination of standard construction and trailers, and it's currently under consideration. We already have a couple of designers under contract evaluating the program needs.

SENATOR SCUTARI: Where is it going to be?

MR. SUTKIN: I believe East Jersey State Prison.

SENATOR SCUTARI: On the land located there?

MR. SUTKIN: On the grounds of East Jersey State Prison.

Yes, sir.

SENATOR SCUTARI: Okay. Any other questions? (no response)

Can I have a motion and a second?

ASSEMBLYMAN PRIETO: I make the motion.

DEPUTY TREASURER ROMANO: Second.

SENATOR SCUTARI: Roll call.

MR. MacCALUS: Let's see; Chairman Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Yes.

MR. MacCALUS: And Deputy Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. MacCALUS: It's passed.

MR. SUTKIN: The last item is another relatively small item. It's in the Township of Phillipsburg. It's for the Department of Military and Veterans Affairs. There was an earlier transaction years ago where certain State-owned, surplus property was conveyed to the Township. And as part of the negotiation, the State continued to have a -- DMAVA is the acronym -- office on the grounds. I think it's a recruitment office. And I think it was free. But the County has come to us -- or the Township -- and said they need some -- a little bit of money to cover their nut. So this is a pretty minimal--

SENATOR SCUTARI: How much is it?

MR. SUTKIN: I think it's \$3,000.

SENATOR SCUTARI: We gave them the land.

MR. BRUCH: It's \$3,500 annually, \$3.50 a square foot.

SENATOR SCUTARI: Any questions on that? (no response)

Seeing none, I will entertain a motion.

DEPUTY TREASURER ROMANO: So moved.

ASSEMBLYMAN PRIETO: Second.

SENATOR SCUTARI: Roll call.

MR. MacCALUS: Okay, to approve lease No. 4632, Military and Veterans Affairs, in Phillipsburg -- Chairman Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman Prieto.

ASSEMBLYMAN PRIETO: Yes.

MR. MacCALUS: And Deputy Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. MacCALUS: It has been approved.

SENATOR SCUTARI: Okay. There are no other leases for our consideration.

Is there any other business? (no response)

Seeing none, fine. Thank you very much.

MR. SUTKIN: Thank you, sir.

SENATOR SCUTARI: We're adjourned.

MR. MacCALUS: Motion to adjourn?

SENATOR SCUTARI: Motion to adjourn.

MR. MacCALUS: Okay. Second?

ASSEMBLYMAN PRIETO: Second.

SENATOR SCUTARI: Roll call.

MR. MacCALUS: Okay, Chairman Scutari.

SENATOR SCUTARI: Yes.

MR. MacCALUS: Assemblyman.

ASSEMBLYMAN PRIETO: Yes.

MR. MacCALUS: And Deputy Treasurer.

DEPUTY TREASURER ROMANO: Yes.

SENATOR SCUTARI: Okay. We are adjourned.

Thank you, everyone.

(MEETING CONCLUDED)