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# *Public Hearing*

before

## ASSEMBLY EDUCATION COMMITTEE

*“New Jersey School Construction Program:  
Problems in implementation and possible solutions”*

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

**DATE:** July 31, 2002  
12:30 p.m.

### **MEMBERS OF COMMITTEE PRESENT:**

Assemblyman Joseph V. Doria Jr., Chairman  
Assemblyman Craig A. Stanley, Vice-Chairman  
Assemblyman Jack Connors  
Assemblyman Patrick J. Diegnan Jr.  
Assemblywoman Arline M. Friscia  
Assemblyman E. Scott Garrett  
Assemblyman Joseph R. Malone III



### **ALSO PRESENT:**

Senator Ronald L. Rice  
Assemblywoman Rose Marie Heck

Kathleen Fazzari  
Theodore C. Settle  
*Office of Legislative Services  
Committee Aides*

Maggie Manza  
*Assembly Majority  
Committee Aide*

Victoria R. Brogan  
*Assembly Republican  
Committee Aide*

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

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**ASSEMBLYMAN JOSEPH V. DORIA JR. (Chairman):** Thank you. I would just like to call the meeting to order.

I want to thank you all for your patience and your attendance here.

I'd just like to introduce all those members who are here present. We have an excellent turnout of the members of the Committee. Yesterday, we had this same group meeting -- and listening to the issues presented by the various constituency groups, the boards of educations, the parents, the community groups, and some of the people involved in the contracting.

And we want to thank the Department of Education for being here, EDA, and obviously, also, the Department of Community Affairs.

I'd like to now introduce the members of the panel that are present. We have the Co-Chair for these hearings. He's the Vice Chair of the Education Committee and the Chair of the Joint Committee on School Construction. That's Assemblyman Craig Stanley.

We also have with the Chair of the Joint Committee on the Public Schools, Senator Ron Rice, who has joined us today. We have Assemblywoman Arline Friscia; Assemblyman Pat Diegnan; Assemblyman Jack Conners; the Budget Officer for the Assembly Republicans, Joe Malone; and Assemblyman Scott Garrett, a member of the Committee.

I'd ask any members of the Committee if they have any comments before we begin. (no response)

If not, we will have comments at the end.

I just want to now, at this point, thank the Commissioner for being here, Commissioner Librera, and say that why we are here today is not

to lay blame, but rather, we're here to see how we can expedite the process by which the School Construction Program, which was passed by the Legislature and signed into law more than two years ago, can be expedited so that the children of this state can have quality educational facilities.

This is a priority I think all of us have, no matter whether we are the executive branch or the legislative branch or whether we are Democrats or Republicans. It is an issue of importance to all of us. The legislation was passed on a bipartisan basis. It is important that we try to cut through the bureaucracy.

I want to begin by saying both the Department of Education and EDA, when they were given this test, were not prepared because the previous administration did not provide the necessary wherewithal prior to the actual passage of the legislation or even get input from those Departments on how the program could be developed.

In fact, EDA only found out at the last minute that they actually were going to be in charge of this. It had previously been planned that the entire construction program would be in another department and were only given this on a last minute basis. So, not to make excuses but to say that unfortunately -- and the previous administration did not plan this well. And those people who were then stuck with the responsibility of implementing were then forced to deal with things on an ad hoc basis and to have to try to put together an entirely new structure. That is not an easy task.

With those understandings, and with the understanding that the priority here is to get the construction moving, I'd like to welcome the Commissioner of Education, Commissioner Librera; Deputy Commissioner

Gordon MacInnes, who is a former colleague of ours in both the Assembly and Senate at different times in his past, who has been involved in education and turn it over to the Commissioner.

The red has to be on. (referring to PA microphone)

**COMMISSIONER WILLIAM L. LIBRERA, Ed.D.:**

I'm getting green.

ASSEMBLYMAN DORIA: We're not like the rest of the world, Commissioner. Here, red means go and green means stop.

COMMISSIONER LIBRERA: I know. But this one that I have has no red.

Thank you.

Will you come with me to other meetings? (laughter)

I really didn't have a red. It just needed a good touch on it.

Thank you very much.

Thank you, Mr. Chairman and members of the Committee. It's a privilege to be here to explain the things that we've done, the things that, more importantly, we need to do so that we can accelerate this process, because for all of us the conclusion has been the same -- that everywhere in the state one common denominator is that the great promise of the facilities legislation of two years ago hasn't been realized, that things have been much slower than any of us would have wanted. The accent -- and I'm pleased to hear that the Chairman's focus is much more on where we're going as opposed to where we've been. That really needs to be the focus of all of our energy, because there's so much at stake.

What I thought I would do is provide some introductory remarks about the work that we've done, our perspective, the things that we see, naturally, since January.

With me today are Gordon MacInnes, Assistant Commissioner for Abbott Schools, to my right, somebody you know well. The gentleman to my left, who you do not know quite as well -- Bernie Piaia (indicating pronunciation) or--

**B E R N A R D P I A I A:** Piaia. (indicating pronunciation)

COMMISSIONER LIBRERA: Piaia. (indicating pronunciation)  
I keep confusing him with a famous Portuguese dish.

Bernie's here because Bernie's got the extensive facilities background.

So after my introductory remarks-- The questions that you have, I will try to answer most of them, but some of them Gordon is in a better position to answer, and certainly Bernie is, as well.

There isn't one topic, in the first six months since we've been here, mentioned more consistently throughout the State of New Jersey than the logjam of facilities. It cuts across all districts, because all districts have facility needs. You know that.

Two years ago, we had this unprecedented opportunity created for us. And it is. I don't think we should lose sight of that. This is an enormous opportunity for which, I think, all of us recognize now that we weren't well-prepared.

And without finding fault with anybody, we weren't well-prepared for something of that magnitude. And well-prepared, not only in terms of

notice, but design; that is, how we go from design to shovels in the ground. It's been our experience that we have a highly duplicative process, that we touch things not once but many times, and that in the simple analysis of any kind of operation, the more times we have to touch something, the more times you have to pass things back and forth, the more times you're going to have the potential for problems.

Further, as I've said a number of times, if you put four or five government agencies in any process, that's a recipe for inaction. What we have said since we arrived in January, and I'm sure you've heard this before, was there was a need to simplify this. There was a need to streamline this. There was a need to make this clear as to who was ultimately responsible and how should we move.

Now, in the final analysis, what we've got here is an enormous undertaking dealing with a very complicated process. There are many of us who've had experience with smaller scale projects -- certainly understand the management principles of this. But what we've also said is that we are very much in need of somebody to drive this who understands all of the intricacies of the construction process.

We understand organizations. We understand government. We need somebody, and thanks to the Governor's work, most recently announced on Monday, we think we have that.

But some of the things that we have done is we have consolidated facilities -- the facilities division in our Department under finance. That's an indication of other things that we've done. We've connected things that we believe need to be connected rather than disconnected things. And so from the



finance and facilities part of things, we're much more efficient, and we're moving much quicker because we have to.

We've also worked in the Abbott Implementation Council and created-- And Gordon has done this with members of his staff so that we have a working group looking at the problems that we are having and making recommendations. Those recommendations have been integrated into the Governor's plan.

Finally, we have said in all of our meetings with the Governor's representative, James Davey, Chief of Management and Operations, what I said in the first two sentences: we have a process much too cumbersome. It takes much too long. There's too many duplicative steps, too many people involved in this, no clear accountability. What we need to do is streamline that to the degree that we can, accelerate this process with clear standards, and have somebody who has direct experience in the construction guiding this.

I'm pleased to say that I was a part of that announcement and that press conference in Paterson East Side where the gentleman was introduced. I'm also pleased to announce that the Governor has heard the things that we have said, that Caren Franzini has said, that the people from DCA have said so that he has integrated all of that into a process that we think will not add another layer of government, instead, will give us the means by which we can move through government and move through the approval processes and ensure that work is done as it needs to be done -- that there's community involvement, that all the elements of what is involved in a good and effective process occur.

No one can argue with the underlying principle that launched this; that is, we should not build schools alone. We should think about schools as an essential component of good community building, and that we should use schools as a means by which we stimulate all the things that are important in communities. When we did that, we made the school construction process even more complicated.

So let us all understand that the stakes are high, that what we did was start this with the very best intentions. But intentions alone are never enough. We know now, and we've known for a while, that there are things that have to be fixed.

We're very pleased that the Governor has represented that, has represented your constituents, as well as all of the things that we have said. We believe with the advent of this executive order and the rearrangement of how we're going to proceed with EDA -- with this subsidiary corporation, of which we are going to be trustees and other Departments, as well -- is a huge step in the right direction.

I'm pleased to take specific questions that you might have and/or comments.

ASSEMBLYMAN DORIA: Maybe I'd like to begin by first asking, given the six months that you've been in office, and as you look back and see what's happened in the past, where have you seen -- where has the breakdown taken place in the coordination between the Department of Education and the EDA in the expediting of projects that had already been planned by the local school districts, especially many of the Abbott districts? Where have you seen as being the problems, at least in the past, and how do you think the new

structure-- And we want to commend the Governor, obviously, for creating the new structure. Hopefully you are right that it won't be another level of bureaucracy but rather to help move things forward.

How do we now move forward with this new structure? How does it help to deal with the problems that existed in the coordination between the efforts of the Department of Education and the EDA, especially in Abbotts?

COMMISSIONER LIBRERA: First, I think the central problem is that the Department's role needed to be more tightly defined. We have said from January 15, our's is a role of educational adequacy, period. We should look at long-range plans. We should look at the quality of what is submitted. We should say they are adequate or more than adequate for the task that's at hand. We need not be involved in all of these different steps except when there are changes of what was originally presented to us. That's not been the case. We're involved in lots of different steps -- went someplace on West State Street, came back to us, went back there-- And you know what happens with all of that.

What we think first is there hasn't been a tight focus on what our role ought to be, and we've said that in every one of the meetings. What we have done is not taken some measures to decentralize some of this effort in the first part of this, the first phase of this. Where we've been successful in some of the suburban areas is when they've been involved more heavily on the redevelopment side. We need to make that consistent.

The third thing we haven't done is that we have had places that have been successful. Unfortunately, they're the exceptions, not the rules. And what we should do, and what we're going to do, is publicize how you can

fast track this to everybody, because for a lot of people, this is the first time they've ever done it. So those three things--

We've had no difficulty with this cross-jurisdictional thing. When we've called EDA, they've responded to us. When we've called DCA, they've done the same thing. The problem is that this has been set up in such a labyrinth that we've had to do that too often, not that they have been unresponsive.

So, our continued urging in this was to simplify this. Make our process very clear. We'll do this on the front end. And then we need to only be involved in helping our school districts understand how this works, advocating for them. That's where we belong. We can do that well.

Now, Bernie, Gordon, would you like to add anything to that.

**ASST. COMM. GORDAN A. MacINNES JR.:** Bernie has the prior experience.

MR. PIAIA: Good afternoon, everyone.

The Commissioner's absolutely correct. I mean, we have seen that the -- on the non-Abbott districts, the under 55 districts -- where they've been able to move projects along. That's because they've been able to get more involved on the redevelopment side, getting things and moving things along themselves. That would be one area that if we could sort of break that logjam, that would really move a lot of these projects towards the construction end.

ASSISTANT COMMISSIONER MacINNES: Good afternoon.

I think putting together a working group, we've represented districts, the facilities people in the districts, the superintendents. We've represented architects with a lot of experience building schools, designing.

We've represented people from community organizations. We've had a broad cross section of people looking at this problem. They all come back with the same strong cry, which is just what was said.

Decentralization was the term used. What it means is we've got to find out the Abbott districts that are both competent and honest to carry out the very detailed work -- design involved and planning schools -- site acquisition, the number of parcels that have to be examined to assemble a site in a densely populated Abbott district, the review of the environmental history of those sites. All of the things that are involved are complicated, technical, detailed. It's best to put those actions in the hands of those with the greatest stake, who are closest to the scene, and want to see that project done.

I think you can do that under the terms of the existing statute. The working group thinks you could do that. The Governor included that as a directive in his executive order. I'm hoping that we can see some of this logjam dynamited out, and we can see the proposals for new school construction get to the point of groundbreaking sometime during our lifetime.  
(laughter)

ASSEMBLYMAN DORIA: One of the questions that came up yesterday -- and I'll ask because I'm sure members of the Committee would-- The Governor, when he announced the new formation of this new corporation that would be under EDA, said that 90 percent of the health and safety projects would be completed by December 31. That's, right now, approximately-- We understand about 30 percent are underway or have been completed. That means we have 60 percent to go. What has been done in the Department of Education to help expedite the process to move forward on

these other health and safety projects, which are so very important? Is it realistic to expect that the additional 60 percent will be completed by December?

COMMISSIONER LIBRERA: Mr. Chairman, we think so.

When we met-- When I talk about met, we probably met two or three times a month for three months about what it is that we needed to do.

The first priority always was health and safety. These projects that were to commence in 1998, still not addressed in 2002, is something that none of us could accept. The original guideline we had was to see if we could get them all done by September. That wasn't realistic. But the figure of 90 percent is the target. That's what we've said all along. We've said that publicly. We believe that that will work. That can work.

We have worked closely with the EDA. And I think EDA is in a better position. And Caren, when she speaks, can give you the particular details. But we have made enormous progress, as well we should. As recently as this morning, I was in Cumberland County and pleased to hear that three roofing jobs were being completed in Bridgeton and Millville and Vineland, as they should, because this is the time when a lot of that work needs to be done. We're optimistic we're going to meet that target.

ASSEMBLYMAN DORIA: Another question that came up yesterday, and this, again, is directly the responsibility of the Department-- And again, it's not yours because you were not there when the requirement was to take place.

But the legislation, which was sponsored by Assemblyman Malone, called for a survey and study to be completed by the Department by January

of this year on the impact on those districts that were contiguous with one or more Abbott districts and how we could work to help to deal with the problems that they have that are created.

We had testimony here yesterday from Clifton, which talked about the impact of Garfield and Paterson and Passaic on their school enrollment and the increasing enrollment as families move across the border in order to move into a school district that they feel is performing at a higher level.

The legislation required that this impact study take place. It hasn't taken place. Has the Department begun to do that study? And when do you think that the Department can come up with the recommendations of how the impact is occurring as it relates to school construction and movement of students, especially growth of school population in these districts that are contiguous to Abbott districts?

COMMISSIONER LIBRERA: My understanding is that that requirement was dated January of 2001.

ASSEMBLYMAN DORIA: Absolutely. That's what it was.

COMMISSIONER LIBRERA: That was due approximately 18 months ago.

ASSEMBLYMAN DORIA: It was not completed by the previous administration. You're absolutely right.

COMMISSIONER LIBRERA: That's a large undertaking. So, I'm not sure that that target date was always very realistic in the first place. But that was something we assumed had been addressed as other things that were given as requirements.

Now, since that hasn't been done and that needs to be done, that is left for us to do. I can only speculate that that might take us as much as six months or perhaps more to do because, as you would well understand, we have a backlog, and that's going to be the highest priority. But that which is required of the Department, we will do. So we will do our best, at least to have some kind of progress report in six months so that we can explain where we are to all of those contiguous districts who have had an impact because of the good work always intended by the Abbott decision.

ASSEMBLYMAN DORIA: And I wasn't meaning, in any way, to imply that the Department, under your leadership, was failing. In fact, I think six months might be too short a period for you to actually do that type of study. You're absolutely right. It is a very, I think, complicated issue and one that gets more complicated as we go along, because not only are we dealing with increased enrollments because of movement but also because of the age cohorts that are moving through just normally and the problems that are existing just on a normal basis because of the births. So I think six months is a short period, and I wouldn't expect it to be in less than six months. It would probably be more like nine to twelve months.

It's an issue that came up yesterday and that obviously is close to my heart, being in one of those districts that's contiguous to more than one. The bay may be between us, but we're very contiguous to a number of them. It is an issue that is of importance and has to be dealt with.

Members of the Committee?

ASSEMBLYMAN STANLEY: Yes.

ASSEMBLYMAN DORIA: Assemblyman Stanley.



ASSEMBLYMAN STANLEY: Thank you, Mr. Chairman.

Let me, of course, thank you, Commissioner, for coming.

Hello, Gordon.

Gordon and I have been working on this issue since before I had gray hairs.

It's refreshing to see an administration that has embraced Abbott to the point that a number of things have been done that have been positive -- that has signaled positive movement in terms of implementing the Abbott decision as we're talking about school construction.

There were a couple of things that were brought up yesterday and this morning and in my conversation with some of the people in Irvington and also some of the folks from Newark who came yesterday, with regard to the acquisition of land.

I know one of the presenters yesterday brought up Block 1968, in Newark. I'm sure many of you are aware of 1968. I mean, when she said 1968, I said, "Oh, yeah. I remember that."

One of the things I wanted to know is how are we going to facilitate the acquisition of land? Another issue, and I don't know whether this is the Department of Education or maybe EDA or maybe both-- Maybe that's the problem.

But the other issue was a building that needs to be bought in Irvington -- a Vo-Tec building. It's owned by us. It's county. They've been leasing it for about \$400,000 a year. And they probably could have bought the thing about three times in the time they've been leasing it. I understand that they're waiting for an appraiser and waiting for some negotiations. It's been

a little lengthy process. If we can get it done, we can save ourselves some money.

How are we going to move ahead? What were the problems in the past that prevented these things? How are we going to move ahead in the future to prevent--

COMMISSIONER LIBRERA: I'd like Gordon to extend what I'm going to offer in terms of how I see this, because he's more particularly involved.

Part of that executive order, and part of what we've heard from the working group is that in these early stages, we've not had a uniform practice among the people who could do this well in districts under the kind of state supervision that's necessary to see that it's done well.

We trust that this executive order and this corporation that's been established by the Governor, as was announced last Monday, will accelerate the exploration of facilities -- exploration of land and expedite the manner in which you can get that. If you don't have the land and you don't have the facilities, that's got to slow everything up. That's the first part.

The second part is, Treasury has been pretty good with us in terms of being aggressive in the way we are evaluating facilities in districts for schools, as well as some of the office complex kinds of things that we're talking about because clearly, lease with the purchase to buy saves you money in the long run, and they understand that very well. So, we're involved in both sides of that. And we think that that will move faster because it must move faster. If we don't do that, we're back to the same intolerable delays.

Gordon.

ASSISTANT COMMISSIONER MacINNES: This will repeat just a little bit, Assemblyman Stanley. But I think that on your question regarding site acquisition-- If you listen to the names of the larger Abbott districts: Newark, Paterson, Jersey City -- consider the other Hudson Abbott districts: Union City, West New York, Harrison, Hoboken, Passaic, Paterson, and Elizabeth, you're describing places where they are very densely developed. Therefore, site acquisition is particularly troublesome. You can't go out and buy a tomato farm and put your new high school up on 120 acres. You have to, instead, painfully assemble tracts of land, be able to compare alternative sites. That kind of work, presently, is slowing the process down because without a site, we can't, of course, design the school. It has to be designed for a specific site.

We are so far behind in that process that the working group has consistently favored, as a response to that, the EDA subcontracting with districts, where they've demonstrated their capacity to do these projects, so that each school becomes a subcontractor and therefore becomes a focus. It doesn't bump up the \$500,000 ceiling, which is set on the legislation for contracted work with the Abbott districts or those districts where 55 percent or more of their assistance comes from the State.

I think in doing that, you would accelerate the process of reviewing alternative sites, doing the studies necessary, and then-- Anybody involved in this process knows that site acquisition can be very slow, very painful, involve eminent domain, frequently, litigation that extends it. But with all of those barriers, I think that we have to be realistic about what's going to be required IN densely populated Abbott districts.

I think, and this is a personal view reflecting the work of the working group-- I think that unless we begin to work these contracts with able districts to do the preliminary work of site acquisition and preliminary design, it's going to be a very long time before we see ground broken for new schools in those districts.

COMMISSIONER LIBRERA: Assemblyman Stanley, another thing that we are doing is we are trying to connect a number of programs so that they don't work in isolation of one another. One of the things that is emphasized as a priority for the Governor and certainly for us is the idea of community schools and the idea of developing facilities that can be used after hours.

And what we are doing is aggressively trying to see a few sites so that we can begin that process as fast as possible. So, what we've done in instances like that is work directly with the EDA and with the school community people, whether they're board people -- some people who have been in local planning -- to review the sites and to actually do them together rather than have four different reviews of sites and then take eight months to get to a conclusion.

It's the kind of thing that Gordon is talking about. If you don't move aggressively on site acquisition in places where there isn't a lot of available land, this makes it intolerably slow -- or that makes it intolerably slow.

ASSEMBLYMAN STANLEY: Thank you, Commissioner.

I really applaud, as many have already, the Governor's move to try to streamline the process. The only thing that I have to say is that we heard

testimony yesterday about laboratories -- labs in Irvington High School, which have not been built and can't be built again this summer because proper approvals weren't put in place before. They weren't given the go-ahead before now. So now it's a 10 or 12 -- eight week process, and it can't be done before September.

Now, since those labs have been down, a whole group -- a whole -- there's been a class that has never been inside a lab. We cannot afford that. Again, I think the Governor's intentions are very laudable, but we don't have time to wait for a year for this corporation to get off the ground. We've got to understand that. Every time we make massive movement with regard to a commissioner or with regard to anything, we constantly find ourselves back at square one.

I think that what we're doing here is very valuable. I'm glad Assemblyman Doria started off with asking what kinds of things have we been doing in the past that we think were wrong? What do we need to do to correct those things, because that ought to be our focus? Not on trying to reinvent the wheel or reinvent a mistake, but on finding out what the issues were and are, what we need to do to correct those issues, and making sure that we don't have another group of youngsters go through their entire school careers without having the proper facilities and the proper instruction.

COMMISSIONER LIBRERA: We agree completely. We do not believe we're at square one. We can't be at square one. Too much time has been lost. We can't lose, unnecessarily, another hour. I don't think we're going to.

ASSEMBLYMAN DORIA: Assemblyman Diegnan.

ASSEMBLYMAN DIEGNAN: Through the Chair, Commissioner, one thing that jumped out at me was your comment that in the suburbans, they're -- I'm paraphrasing, obviously -- "more involved in the redevelopment stage. And we have to make that more consistent."

I'm the new guy on the block, so I was impressed yesterday with the testimony from both the superintendent in Perth Amboy and an architect from Paterson who both indicated -- at least it's my presumption, that in the Abbott districts, there's a presumption that they don't know what they're doing and that they--

In fact, I believe Perth Amboy had a specific instance where they actually had plans ready to go that were discarded, and the process was commenced all over again. Three or four years later, they're back where they started. I noticed that Senator MacInnes pointed out that that has to change. How do you see that changing?

COMMISSIONER LIBRERA: Well, first, we don't have that presumption, and we haven't had that presumption, and we've argued vigorously against that presumption wherever we've heard it.

Gordon detailed how the working group has actually talked about ways in which this could be done -- by giving that authority through a subcontracting kind of arrangement. EDA subcontracts this function to the Abbott -- because we do have to deal with the statute in terms of what we may or what we may not do.

But we have enough people who are results oriented, who are thinking about things like, "Well, we still will comply with the statute by subcontracting to the district." And there are places like Perth Amboy that

clearly have done -- given all kinds of evidence that they can handle this. And we have to be able to find a way to quickly allow them to do it. We also have places that have given us no evidence that they're able to handle that. So, what we have to do is help them learn how to do that, because if we have to keep doing that, what ends up happening is it just consumes time unnecessarily.

That's part of our problem here, that there is an assumption underlying this whole design that we -- that is, Trenton or us -- these agencies -- can do this massive amount of work from the beginning to the end, and that's not the case. We know that's not the case.

Just this illustration on site acquisition is a perfect example. Who knows better to at least begin those questions, how to suggest this is available on some complicated three-way move? If you do this with this property, this is what happens. Who knows better than the people locally?

Now, we can ask the questions that need to be asked. And we are going to use those successful places like Perth Amboy, like some of the suburban districts, who-- In one case, we were in a districts, as recently as two weeks ago, that had the referendum for the health and safety issues passed in September, and they're going to open school in one month and have all of their referendum issues addressed -- all health and safety. It can be done.

So, we want to replicate the things that are working. And there are plenty of examples of that. But you have to start with saying this presumption is wrong. It is wrong. And not only that, it is cumbersome and it adds to time -- it adds to expense. We all know that. They longer it takes, the less likely you're going to be able to do it for the money you budgeted. We can't have

that. It's intolerable for all the reasons that have been stated so far by the Assembly people, as well as by us.

ASSEMBLYMAN DORIA: Senator Rice.

SENATOR RICE: Thank you, Mr. Chairman.

Good afternoon, Commissioner and staff.

I think the last part of your statement is a good prelude to one question anyway. Everybody says that we agree locals can do it. Well, you said that years ago, and it's not happening.

Then, we talk about a ceiling of 500. I think anyone knows, and particularly yourself, Commissioner-- You just did not become Commissioner overnight. You ran a school district. In fact, I and Senator Gil raised some questions. We're concerned about your relationship to Abbots versus Montclair. But nothing changed in the districts in terms of construction or retrofitting, etc. Five hundred thousand dollars does nothing for the district to move roofing projects, etc.

I guess the question is, and we raised it yesterday, that ceiling has to be looked at -- and what is really reasonable in terms of a ceiling for a district.

The other concern that goes with that question -- and I'm going to make it clear that legislators down here and administrators and people throughout the State disagree -- and oftentimes the disagreement is based on conception and often, sometimes, racial -- as to what we can do in these urban cities and what we cannot do.

Now, I'm raising that because, as you know, minority participation and local participation is a very serious part of the language of school



construction. I know that because I argued for it in the Senate Democratic Caucus. I refused to give a vote until it was there. Senator James and Senator Bryant made sure -- worked with Vitale and others that it was put in the legislation. So, the ceiling doesn't account for much of anything.

Where do we go with that? When you're telling me that EDA does a good job -- got the bumps out of the road -- and they have-- And the improvement projects that they know can be done prior to school opening-- But then it's not done. A roof is not going onto a school, and the kids are back in September. There's a problem someplace else.

Where do we go from there? And where's that problem? I'm trying to identify-- I want that bump removed on the other end. That's what I'm trying to get at.

COMMISSIONER LIBRERA: We do, too, Senator. It's my understanding that the \$500,000 limit is statutory. I'm not sure if there's anything that we can do in the new corporation to change that. If it's statutory, we know that has to be changed through the legislative process.

We do think that that has to be examined. We do think that we have to present information about what are the limitations of \$500,000 so that if this were to be contemplated to be changed through legislation, people would have the information.

So, yes, it will be examined. It needs to. But it can only be changed by the Legislature.

SENATOR RICE: Well, I understand through changes. I think there's going to be a few things changed by the Legislature if I have something to say about it.

My point is, we'll change it, but I don't think the question is new to either the Department of Education or to EDA or one of the others. Has someone given it thought to what that ceiling should look like?

COMMISSIONER LIBRERA: Well, I think the answer to that is yes on a preliminary level. Not enough-- And that will be a part of our ongoing discussion, because we do know that down the road there are going to be legislative changes that are necessary. We know that. And we know that it will be incumbent upon us to talk about what it ought to be and how that would make a difference. We're going to do that.

Now, another part of your question has to do with the participation of people in the community and the preparation and the opportunity. Now, that's also been raised in meetings that I've had. I know that you've heard it, as well.

What I have done is talk with Caren about the continued work that she has done -- that is, EDA has done -- in the way of seminars, in the way of extending opportunities so that people are prepared to participate. She can answer that when she's going to speak a little more. But we know that's something that more needs to be done, as well -- because this problem, in terms of how slow it has been--

As much as we want to be optimistic, we're not going to solve all of the problems with what the Governor said on Monday. I think we all know that. We are going to make large inroads. And then we've got to keep studying about where the rocks are and how you can get them out of the road and how we're going to -- to use your term because that's exactly the one we use -- because much still has to be done, and we know that.

SENATOR RICE: Commissioner, it was indicated, at least by Senator MacInnes, that he believe that the Act presently allowed was to actually do more locally in terms of expediting the process.

Well, when someone told me that they believe a law will give you the authority, that tells me it's not clear. And I would like to know, at least the language used to qualify the statement -- has me concerned. Either it's there or it's not there.

Gordon, is this through your interpretation of the statute -- if there's clear language -- because if, in fact, there's not clear language, I need to move something to make it very clear that we expect it to happen now. If the legislators and the Governor want to debate that and want to challenge it in court, challenge it. But it's clear to us that we need to do the local stuff.

State government cannot say, through its authorities, its commissioners, that we concur with the locals that you're best at doing this stuff in terms of identifying property, moving small pieces, putting those pieces together, working with the board of education in local government. You can't say that and not mean it. To mean it, to me, means that we have to act on it.

I think the best message that can be sent to the school districts throughout the state is that we move forthwith with an amendment now saying this is going to occur.

Now, how we make it occur is one thing. But to say that we believe the Act says it can occur-- That is not good enough with me. I believe that legislators can say what they mean, and we can mean what we say. I've always said that. I don't like these little loopholes because loopholes have been the barriers. Interpretations, interpolations, that's how lawyers make a lot of

money. I'm not about to make them rich. I want to keep the money in the pot for those schools.

COMMISSIONER LIBRERA: Well, I'd like to reply first, and then Gordon, I think, had more to say.

It's our understanding that we don't have a way to work around the \$500,000 limit. That's what we're saying. That doesn't mean that we can't say, "Here are the limitations. Here's what would happen if we did that," and try to expedite that. But that's my reading of that. That's different than what we've done with the subcontracting part of that.

We have tried to push the limits everywhere in terms of the statute to get things done. And we think that legislators understand that and, for the most part, support that. But there are some instances where we can't, and this is one of them. That's my reading of that.

Gordon.

ASSISTANT COMMISSIONER MacINNES: Senator Rice, I don't think that particular area is one that requires clarity. I think it's very clear that the State has the authority to contract with Abbott districts for projects that do not exceed \$500,000.

Now, as you know, everything can be litigated in this country. And even that clear statement could be litigated, I guess, by somebody. It's pretty clear to me just as a regular person, not a lawyer.

SENATOR RICE: Well, I'm under the impression-- I mean, it's not the \$500,000. You talk about subcontract-- I'm under the impression that the \$500,000 is the ceiling that you can work with. That's part of the problem. That is not moving the district. I thought you were speaking beyond

the \$500,000 there were other things you were going to do to make it clear that it's better for Mayor Palmer, working with the board of education in Trenton, to build schools and get them moving as rapidly as possible and to do the retrofitting.

It's the same thing in Irvington and the same thing in Hudson and the rest of those towns. I mean, for example, right now there's a contractor -- my understanding, in Jersey City -- that's got a deadline to complete a project by August 31 and hasn't gotten started because of permits. It has nothing to do with him.

So, my point is that had that been Jersey City, they move permits like crazy every day. All we're doing in Jersey City and Newark, etc., even though we get criticized, is building and doing a darn good job. Sometimes it gets questionable, but we put that in check. The State doesn't know how to move anything. They don't build anything in the state. They give everything to their friends and the union contractors and consultants, etc. That's fine.

My question is, is there anything you see through your -- at least the way I was trying to interpret you -- and I may have misinterpreted you -- that would give the authority to move now? If not, we need to move some legislation right now -- and you can suggest the legislation or I would ask, through this Chair, that they suggest it or the Joint Committee will suggest it or Ron Rice, the individual Senator, will suggest it. But something needs to go into the hopper right now that we can move as soon as we come back here so that school districts, taxpayers, parents, everybody knows we're moving forward to remove one major barrier.

ASSISTANT COMMISSIONER MacINNES: I agree with your assertion, Senator. I think that there is so much that we could do with the existing statute is point number one.

Point number two is that should the statute be revised, and it seems to me that there are a number of things that should be included in such a revision that would greatly assist the flexibility--

You used the example of Mayor Palmer in Trenton. Now, already, the municipal government of Trenton has advanced funds to the school district of Trenton. In that kind of partnership, which is possible -- I think it was for some of the health and safety projects that they could get done. I'm not sure about the exact facts of that. There are opportunities, which if the statute were revised would greatly increase the opportunities for flexibility and for new ways of financing so that we could extend the funding.

Right now, it is very difficult, as I understand it -- and I'm not an expert -- it's very difficult to put together such things as public-private partnerships where you can use the Federal tax code and tax credits to bring private investors in projects that might be developed through instrumentalities like DEPCO in New Brunswick, as an example, which has recently, I think, taken the lead in building the Lord Stirling School in that district. I think that those incentives make a good deal of sense. They should be subject to the careful introspection of the Legislature.

But I think you're right. I think we could expand the possibilities through revision. Short of that recurring, there's an awful lot we could do to the existing statute.

COMMISSIONER LIBRERA: I would just say that I agree with everything that Gordon's just said, including what was said a little earlier, that we now think that by virtue of what the Governor did and by virtue of the kinds of things that have come out of the Abbott implementation council, we know there's more that we can do now, and we're going to do that.

The only thing I would say about the legislative changes, when we go in and make those changes, I think we want to do it in a comprehensive way so that we get as much done as we can and address as many issues as we can.

So, it's a two-pronged issue. We've got things that we have to do, and we're doing them now. And then I think we have to prepare for the other part of this. Because you're quite right, there are all kinds of opportunities that are not there because of limitations in the legislation.

SENATOR RICE: Mr. Chair, through you, and I'm going to probably end on this and give someone else an opportunity. I may have to come back later.

Let me just say this. I'm not talking about privatization. I'm not talking about private investors. I'm talking about right now. We have approved and the Supreme Court mandated the dollars to do what has to be done. There is no question about dollars. I don't need a private investor. What I need is someone to say, "Look, this is the role you want to play that is different than what the statute says or different than what our administrative laws say. This is the role you can play locally. We hear you loud and clear. You can go from here to here on your own volition with our supervision or our management. It ain't going to be no bogged down process. Don't tell me that can't be done and all our reasonable minds -- and all the money we're making

collectively -- and you all make most of it -- (laughter) we can't come up with something right away because if you can't, then I will bring together the urban superintendents, if no one else. And you know what? We'll tell you how to do it. I don't need a work group of a bunch of friends and other people. And some of those folks are very good. They're community activists. Some are involved because they're concerned as parents. But some are only appointed because the administration likes to pacify groups like that because they're a good political support system, too, and they have input.

We don't need to waste time. What we need to do is find the people who are doing this stuff on a regular basis and say, "You stop our ability to get it done." Let's put that ability back. We can modify the control systems, if you will. We don't mind oversight. But give us our ability back. Don't tell me this architect that's been working in my school for 10 years and knows the whole lay of the land, and all of a sudden he's not part of the process anymore under your rules. So that's what I'm talking about.

If you need to have more dialogue beyond this Committee, I will call a meeting, and you can come in and talk to us. I don't need your work group. If you don't, I'm going to talk to them anyway, and I'm putting it in. When I put it in, you're going to say no. This can become a public debate. And I guarantee you if it becomes a public debate, guess who's going to win? Guess who's going to win? The people are going to say we're right.

COMMISSIONER LIBRERA: I don't think we disagree. Maybe we didn't make ourselves clear, because as I hear most of what you're saying, we don't disagree with that. In fact, some of the people you said you would bring to this meeting are some of the people who are working with us on the



working group. We know what we can do. We don't need to study some more. That's the last thing any of us need.

The other thing I don't think we need is for people who agree with one another to find ways to disagree with one another. I think we agree. I think we know what we need to do. There's a two-part process to this.

We've talked about how local districts -- all local districts, not just suburban districts -- should be involved to a greater extent in the predevelopment process. We're doing that. We've pushed for that. We're going to do that. We're going to push the statutes as far as we can to get the local people involved who know what they're doing and know how to do it. You're right. There are many who can do that.

No one here at this table believes that the people in State government are the ones who are best able to handle these issues in local areas. We don't believe that. And we're working to change that. And we will.

Now, as for the statutory changes, there are certain things we can't push. You know that. We will work with you on that.

Senator, we agree with you.

SENATOR RICE: It's the statutory piece I want you to come forward with -- okay -- forthwith. I don't want it to be one of them drawn out processes, because you kind of know what needs to be changed. You may not know all that needs to be changed. Don't give me this stuff that you're waiting to do a comprehensive thing. Everything can't go on one package. Bring something forthwith. If not, let me assure you, I will. If I bring it, you may not like it. If you don't like it, the Governor will be fighting. But it would

become a public fight, not an in-house fight. I like to do things in-house first and let the people know we--

That's all I have to say. I'm serious about that.

COMMISSIONER LIBRERA: We are, too. And we agree.

ASSEMBLYMAN DORIA: Thank you, Senator.

I just want to welcome Assemblywoman Rose Heck, who is a member of the Joint Committee on the Public Schools, who has joined us. We thank her.

Any other questions?

ASSEMBLYMAN MALONE: Yes, Mr. Chairman.

ASSEMBLYMAN DORIA: Assemblyman Malone.

ASSEMBLYMAN MALONE: Thank you very much.

If I sound a little slurred-- Doug Palmer's day was yesterday in the dentist's chair. Mine was today. (laughter) So if I sound a little slurred at times, I don't mean to be.

Just a quick note, and I'm going to check this-- It refers back to a concern that the Senator had about the \$500,000. I think that's per project and not per district.

COMMISSIONER LIBRERA: Right.

ASSEMBLYMAN MALONE: So, there could be a number of \$500,000 safety improvement projects within the district. So, let's not get off the beaten track here. If they had seven schools and seven contracts, you may have seven \$500,000 contracts. So we need to get that clarified. It may not be as big a problem in the safety area as people believe.

COMMISSIONER LIBRERA: Assemblyman, thank you. That clarification is accurate. And that helps us frame that better. Thank you.

ASSEMBLYMAN MALONE: It's been a misconception, I think. Getting back to the start of this thing.

As being one of the principle sponsors of this piece of legislation, what is occurring in these hearings in the last two days was something that, I think, was my biggest fear when all of us sat down to try to draft this piece of legislation. The structure that was going to be used to implement this piece of legislation--

We knew, and I think everybody that could walk and chew gum knew that this thing was going to be a very difficult undertaking. I think that the steps that the Governor took yesterday -- or Monday to try to bring some kind of sense to a structure, I think, was very positive. And I'm very supportive of that.

But with that comes now-- And we can go back and say what previous administrations did. We had Governor Whitman for basically a half a year, we had Governor DiFrancesco for a year, and now we've had the McGreevey administration for seven months.

So, there is some concern here about where we are going to be a year from now. I can assure you from the looks on the faces of people in this audience, they will not tolerate the kinds of answers that are being said today about confusion, concern, lack of action. They're going to go half crazy. They're going to go crazy on the people that are sitting at this dais here today. They're going to say, "Look, you've been in power now for a year plus seven months -- basically 19 months. What do you estimate that you will be able to

get done in the next year -- give you 19 months of this legislation to significantly accomplish what needs to be accomplished, particularly in the Abbott school districts?"

Let's put a face and let's put a projection and let's hold somebody accountable. And in this particular case, Commissioner-- And I've commented to you, that you seem like a shaker and a mover. Let's put a face and a commitment to say this time next year, I will have accomplished this amount of work in the Abbott districts, period. I think that's what everybody in this room wants to hear, what you as the Commissioner of Education can say to the public of this state, and particularly to the Abbott school districts, "I will have this done come hell or high water."

COMMISSIONER LIBRERA: First, we fully expect to be held accountable for what it is that will happen 12 months from now. We will be as angry and as upset as everybody in the audience if what we've said today that will make a difference does not. That's the ultimate form of public accountability -- that people remember what you say.

ASSEMBLYMAN MALONE: Commissioner, that's not the answer.

COMMISSIONER LIBRERA: Well, I'm not done yet.

ASSEMBLYMAN MALONE: All I need is a percentage because you are, in fact, the guy with the face.

ASSEMBLYMAN DORIA: Assemblyman Malone, why don't you let the Commissioner finish, and then you can come back?

COMMISSIONER LIBRERA: That was for openers.

Now, what I would need is some help in that answer because as you know, we're not the ones ultimately responsible for this. We're not the ones who are taking this process from the beginning to the end. So I could give you a percentage, but it would not be an informed -- it would be a number. And I don't want to do things like that because this is a very important answer.

So, Gordon -- Caren Franzini--

We've heard what Assemblyman Malone has said. Now, the question is, percentage of Abbott projects. That's what you asked, wasn't it?

ASSEMBLYMAN MALONE: Well, percentage of the amount of work that needs to be done to rectify the conditions that we have in the Abbott districts.

As the Senator said, you have the money.

COMMISSIONER LIBRERA: Okay.

ASSEMBLYMAN MALONE: You have the mechanism. Now we want to see the beef, and we want to see the action.

COMMISSIONER LIBRERA: Okay. First, all health and safety done by this time next year. That's a must.

Second, in terms of this figure--

Would you like to give us a number?

Caren, would you like to give us a number, because I suspect we will not go any further unless we give the Assemblyman a number. And if you can't, I will. And I'm not so sure it will be so accurate.

ASSEMBLYMAN DORIA: You can't do-- You have to come to the microphone, otherwise, it's not going to go on the tape or on the Internet, because this is all going on the Internet.

COMMISSIONER LIBRERA: We're pleased to have Caren Franzini join us from the EDA.

ASSEMBLYMAN DORIA: We'll officially welcome her when she comes up later. We're happy to have her here.

**C A R E N S. F R A N Z I N I:** Thank you, Assemblyman.

Assemblyman Malone, I will continue on with the percentage of work. We'll have all the health and safety work done this time next year. Right now, we have -- because we took the assignment of architects' contracts from the districts, we have 51 approximately approved by our board. So we'll have shovels in the ground, work being done, in the 51 schools where the design has been completed.

ASSEMBLYMAN MALONE: Is there a dollar amount that might be associated with that?

MS. FRANZINI: I need to give you back the dollar amount, but I just don't have it off the top of my head. Maybe when I sit down, one of my guys back there will get it for me by the time I come back.

In addition to the 51 that we already have under design, we want those in construction next time (indiscernible) so we can invite all of you to lots of ground breakings and have kids start entering new schools.

The third piece is new schools for new designs. That's the third number that I'd like to just take a minute and get back to you on that number

because, as you know, that's the first step of the process. And the fourth number is how many schools will be -- sites will be acquired.

I'd like to, while the Commissioner finishes his testimony or questions, get back to you on those two other numbers.

ASSEMBLYMAN DORIA: Why don't we let you go back and do that -- let the Commissioner finish.

You'll be back later, Caren. But we thank you for coming up.

Thank you.

COMMISSIONER LIBRERA: And for everybody's clarification, the agency ultimately responsible for this is EDA, so they're in a better position to answer this. We can give you all kinds of optimistic projections, but that optimism is one thing. Real numbers and targets that are substantial -- recognizing that a lot of these projects are 18 months to 24 months anyway. So getting shovels in the ground and then saying these take about two years would be the kind of thing for which we could all be held accountable.

ASSEMBLYMAN MALONE: Commissioner, through the Chair, the restructuring that you've undertaken within the Department, how is that restructuring going to impact on how this construction's going to be implemented, and who in your Department is going to be directly responsible for ensuring that your aspect and your Department is fulfilled 100 percent?

COMMISSIONER LIBRERA: Well, I believe that I'm going to be a part of this corporation as a trustee, so that makes me, ultimately, the one responsible for our end of the work.

The restructuring that we've done of the Department of Education pushes a big portion previously lodged in Trenton out into three regions. And

those are going to be our advocates, those people close to the people in districts telling us what hasn't happened, what kind of support needs to occur. We think that we're going to be far more resourceful and far more helpful. And we can accelerate the time in which local districts can be successful in this process.

What we've got are places that have been successful. They're the exception. We have to make the exceptions the rule. We're going to do that by pushing the Department out and making it a lot more resourceful and responsive than it's been. And we think we can do that. We think we've got the structure to do that. And we think, and I'll go back to what was said on Monday, we have the gentleman who's going to really provide the leadership and tell us, "This makes the difference. This is how you do this." In the final analysis, people don't want to hear us talk. They want to see results. We all do.

Right now, we've had six months to attack this, and I think we're on our way to giving the kinds of results we all want.

ASSEMBLYMAN MALONE: I do have some slight concerns relative to some of the issues that the Senator brought up regarding the working group.

If I could make a suggestion -- I'm not trying to be facetious, and I'm not trying to be condescending when I say this, but in looking through the individuals on the working group, it looks like it's mostly philosophers and not doers. I would strongly urge that you take a look at having individuals--

When we met to put this piece of legislation together, a major part of it was through labor, through industry, through business -- in having a real stake in being part of this process because those are the individuals who are



going to have to do the work. I think if they could be a larger contingent within that working group so that individuals are actually representing people who actually do the work, not just architects or whatever. I'm talking about the people that -- the 25 -- and Art Maurice can tell you -- and a number of other people that I've met with on a number of occasions that actually are going to be out there putting this stuff together and can give you a good perspective on timelines, construction, availability of manpower to get the jobs done. I think that's what it boils down to as far as getting a lot of this stuff done.

My last comment for right now-- If I seem harsh-- My face is on this piece of legislation, and my face is on this as much as anybody else sitting in this room. I made that statement when I introduced the legislation, and I fought for that legislation. If this thing is a failure, my fingerprints are all over it, too.

So, if I seem a little irrational during this process, I probably am. But I'm going to stay after it, and I'm going to be as dogged to be after you, the Commissioner, Caren, anybody else in this particular thing, because I'm a grandfather, and people look back-- Everybody else looks at what I've done in my life. I don't want them to say to me, "You know, your school construction piece of legislation was a failure."

All I'm asking you to do is move forward. You had the same tenacity that you're -- revamping the Department. And put that same tenacity into getting the school construction done. I will do anything, as I've said to you before, I possibly can as a legislator or as an education professional to

support your efforts. So I just want to let you know that I'm not trying to be an adversary. I'm just trying to poke and prod a little bit.

Thank you.

COMMISSIONER LIBRERA: We appreciate that very much. We don't take anything that's been said as adversarial at all. We all have the same objective. We don't think it harsh or unreasonable. We think it consistent. We are all in this in the same way, because you can't come to the microphone twice and say the same thing without results. We all know that.

ASSEMBLYMAN DORIA: Thank you very much, Mr. Chairman.

Thank you, Mr. Commissioner.

ASSEMBLYWOMAN FRISCIA: Mr. Chair.

ASSEMBLYMAN DORIA: Yes, Assemblywoman Friscia.

ASSEMBLYWOMAN FRISCIA: Commissioner, Senator.

COMMISSIONER LIBRERA: Good afternoon.

ASSEMBLYWOMAN FRISCIA: I think what you're hearing here this afternoon, too, is the frustration that we all feel after having sat here through almost five hours of testimony yesterday. The underlying theme through all that testimony was the frustration of the local school districts with their inability to move. After listening to that for all those hours yesterday, I'm personally on a mission to find out where the logjam is.

These people, as you said before -- and I'm sure we're all saying the same thing now. I just want to see how we can clear it up. There are people in the local administration, local employees of boards of education who are very competent to do this kind of work. They don't have to wait for DOE or

the EDA to come up and say, "Okay. This is what we're going to do. You have to wait until we do it."

I think that's what frustrated me more than anything else yesterday. Perth Amboy happens to be in my district. As I said yesterday, I've seen the wonderful things they've done in renovating the buildings in Perth Amboy. But I also listened to Dr. Clausell say how frustrated he's been over the past two and a half years because of his inability to move anything in new construction.

So, that's where we're all coming from. So, that's what you're hearing in our frustration. We just want to work through it and see if we can help you break that logjam.

COMMISSIONER LIBRERA: Assemblywoman, we understand that very well. We feel the same frustration and hear the same frustration. This is not news to any of us.

But what we want to say again is we're not studying this. We think that we have steps now, by virtue of what the Governor's done, by the things that we've said about redevelopment that are going to make a difference. We know what needs to be done. And we are going to do it in the areas that we have. We've already begun. We're going to accelerate that because the frustration can't continue. We all know that. It's intolerable for all the reasons that have been mentioned by everyone today.

We share that. We understand that. And we're responding to that. And we expect to be held, all of us, accountable to deliver results so that we address that frustration and do what all of us expected this to do.

ASSEMBLYMAN DORIA: Senator Rice.

SENATOR RICE: Yes. Thank you, Mr. Chairman.

A couple of quick things--

Let me just first of all back up and just indicate what my colleagues did. My frustration is from years of working with this. I go back to takeover. I got beat up for takeover. I've had to argue and fight my party, local folks, the Governor, etc. So, I take all of this personally, primarily because I've been here for the last 16 years, and I've watched commissioners in departments and governors come and go. And I suspect I would have similar fights into the future. But I also suspect I will watch commissioners and governors go. So, I don't want to see people coming and going and the meanwhile, everything in my life is status quo as it relates to the taxpayers, the voters in our school districts. Make that very clear.

The other thing that I want to make clear is that one thing I demand from the Governor -- all governors, including this one, and those young folks around him and commissioners, is respect. I'm a State Senator. These are Senators and Assembly people. We are coequals. The thing is, when people aren't communicating with us, and we read about it in the press or we hear about something, it doesn't set right, because once the PR is gone, whether it's negative press or good press, we go home. We walk into supermarkets just to be beaten up by folks and can't give answers.

I would like to think and I would like to know, when you conceptualize something, I want to know it from the Department, as chairmen, because I want to make sure that the members of my Committee are pretty much aware of what's going on. If it's something, for example, that's privy, at least something that should not be made public, I think that my colleagues and

I are trustworthy to be talked to and know where you're going.

So I want to get that clear. When someone comes into my district from your Department, unless they're going to have lunch at Don's Diner or something, that's fine. But if they're coming to a meeting-- I don't have to be there, and I probably don't want to be there. But a courtesy call makes good sense. I want to get that on the record first -- public record. I'm known this way. I've been known this way for 16 years, and I'm not changing. It's a two-way street.

Question: We made some mistakes. The Governor came in, and he started moving the education agenda. The Joint Committee was not reorganized and the statutory -- and I kept insisting that the two presidents get that done. We eventually reorganized about three weeks ago.

Members on the Joint Committee are members of the Senate and Assembly Education Committee, but there are members who are not. That's a statutory law for a joint committee. But when I read that back in January or February the decision was made to delay school construction for a year, I recall reading something in the language in that article was something -- and it's not a direct quote -- but the rationale was that we wanted to take a look at how the money we spent thus far has been spent -- some kind of accountability.

That bothered me because I'm saying that the school districts don't spend anything. Why are we delaying school construction? The money is there in those areas where we can actually move forth with, because it seems to me that since we're the ones sending all the contractors out, and we're the ones paying all the architects, we're just approving a plan to submit it -- that we shouldn't have to go back and spend a lot of time reviewing. Maybe we do.

Maybe it's stuff that's not computerized. Maybe it's something that we have to slow down to get organized. I don't know. But I recall reading that in several newspapers. That was pretty much, without a direct quote, the rationale for that. If that's not the rationale, then somebody tell me why the statement was made that we were going to wait a year.

COMMISSIONER LIBRERA: Senator, I am completely unaware of that last reference. So, if somebody said that, it was somebody other than us because we didn't say that, didn't decide that, wouldn't decide that because that doesn't make much sense to us.

Now, being public figures, we all know how what we said is sometimes not what gets in the paper, but we had nothing to do with that.

Second, we appreciate very much your longevity and certainly appreciate that governors come and go. But while we're here, we will be accountable for what we do. And I think that what we've done so far, and I think we've had this conversation-- We make every effort to inform people about what it is that we're doing before we do it, talk to people, give them an opportunity, take documents that heretofore have never been publicized and have made them public, and want to include people, and want to hear because that's the only way this works. So we agree completely.

We certainly respect the role of people in the local communities. We certainly understand that in almost everything, the local community's better positioned than State government to do the work directly. We think there's a partnership, and we're prepared to do that and stand behind our work and be accountable for the time that we are here.

SENATOR RICE: Final question to you, Commissioner, through the Chair is, what is -- how does the Department view its role or understand its role with the whole school construction piece under the statute and the act? I think that's important, primarily because I know that there are areas where you can't move mountains unless we do some things in other agencies. I think that needs to be cleared up here if you can do that.

COMMISSIONER LIBRERA: Okay. Our role is two-fold, primarily. We determine educational adequacy, plans, designs. We review long-range facility plans. That's what we do. We then advocate for districts when things are not working as they need to work. We work with EDA. We're not the people ultimately responsible for construction. We're the people responsible for saying, "Your plans are good. This will do what you say. This makes sense. This doesn't make sense." And then we work with all the other agencies, and in this case, the person responsible for this, to see that it gets done.

SENATOR RICE: So, if I had to do a roof, you would review that.

COMMISSIONER LIBRERA: Yes.

SENATOR RICE: And then it goes to whomever.

COMMISSIONER LIBRERA: Yes.

SENATOR RICE: It's the whomever, I think, is where part of our barrier is. That's why I wanted to raise that for the record.

COMMISSIONER LIBRERA: Yes. That's absolutely the case, Senator. Thank you for that clarification.

ASSEMBLYMAN DORIA: Thank you.

Assemblywoman Heck.

ASSEMBLYWOMAN HECK: Thank you.

I just wanted to take the opportunity to tell the Commissioner that I've been speaking to many, many people in the education community. I've been given a lot of information about you in a very positive way, that you're a strong individual and you don't take any nonsense. And your main concern happens to be children and their education. And, certainly, I know that you're going to expedite everything you can in the school facilities piece so that the children have a better place to learn, a fairer way for them and a good environment for them to become educated.

I look forward to working with you, as do all of these men and women, to see a very positive turn in the educational system within the next year and a half.

COMMISSIONER LIBRERA: Thank you very much, Assemblywoman.

What I'd like to add to that, if I may, is that I am fortunate to work with a very talented group of people, two of them with me today, that alone none of this is possible. And on top of that, we all know that we can be the most effective people in the Department. If we don't work in real partnership with the legislators, with communities, with school people, with parents, we're not going to get done what we need to get done.

ASSEMBLYWOMAN HECK: I think you can be guaranteed, through the Chair, that you have people who are ready and willing to work with you and to go above and beyond what you see at meetings. So, we will be in touch.



COMMISSIONER LIBRERA: We know that. We're very encouraged by that. Thank you very much.

ASSEMBLYMAN DORIA: Assemblyman Stanley.

ASSEMBLYMAN STANLEY: Thank you, Mr. Chairman.

I was listening to Senator Rice. And there are certainly some things that we hope are, I guess, a learning process and that we can come away from here with a better appreciation for each other, as well as -- and the need to be inclusive in decisions and policy.

The one thing that, I guess, Governor Florio told Governor Whitman when she came into office was, "Remember the Legislature because they can either be very helpful or the other thing."

ASSEMBLYMAN DORIA: He did say that?

ASSEMBLYMAN STANLEY: Yes, as a matter of fact.

ASSEMBLYMAN DORIA: He did say that. (laughter)

ASSEMBLYMAN STANLEY: I'm quoting Governor Florio to Governor Whitman.

ASSEMBLYMAN DORIA: I'm impressed he did say that. That's good to know.

COMMISSIONER LIBRERA: Did he actually say, "the other thing," or did he have a noun?

ASSEMBLYMAN STANLEY: Well, he learned the hard way.

ASSEMBLYMAN DORIA: Oh, I was going to say-- Sorry.

ASSEMBLYMAN STANLEY: I don't know how much of the advice she took, but--

The thing is that I think many of us were pleased but surprised. I don't know. Maybe some of the other colleagues had a lot more preinformation or advance information on the announcement that came on Monday. But I know I had none. I think we need to be a little better in terms of our communications.

All those things Senator Rice said that he'd like to know about, I'd like to know about them also. We share a district. I would certainly appreciate knowing those things, as well, as long as Senator Rice is here anyway. And even after he goes, I still want to know the stuff that he would have found out. He'll probably be here longer than I will. (laughter)

Certain things with respect to early childhood education facilities and the fact that-- Do we have facilities standards yet for early childhood facilities? And it's interesting because I know that different districts are doing certain things. Some districts think it's best to house all the preschool children at one location. I don't know whether that's the best way to go about it. Maybe it would be better if you had some early childhood facilities kind of scattered around the district. In some cases, your first grades through five or first through eight could maybe be dropped off at the same place where the early childhood children are being dropped off.

Do you have any insight as to when those standards are coming out, if they aren't out yet?

ASSISTANT COMMISSIONER MacINNES: Assemblyman Stanley, the standards are being developed. I'd expect they'd be out early fall with regard to early childhood. I think we're pretty close.

I think the real difficulty with early childhood is the fact that 70 percent of the children who are enrolled are enrolled in provider programs, not in district operated programs. And the intricacies or the complexities about ownership and lease arrangements and all of those things that pertain -- when they're operating on annual contracts with the school districts -- is an area where there's-- I mean, it's not a simple one to solve quickly. It hasn't been solved yet.

The second thing I would say is that the long-range plans that the Department has approved and which form the basis for Assemblyman Malone's legislation, in terms of estimates for health and safety new construction and everything else did not, by and large, include early childhood. That needs to be redressed. That will be a part of our effort in the coming months.

ASSEMBLYMAN DORIA: Assemblyman Garrett.

ASSEMBLYMAN GARRETT: I was just trying to think of any other Governor Florio quotes that I could use to-- (laughter) I have some Christie Whitman quotes, but we can't use them.

Can you just, briefly -- on one of the points that you raised at the very beginning -- that's the community aspect of this school designs. Does that have any-- Can you just talk briefly on the description of that -- how it plays out? Does that have any play, as far as on the cost element -- cost end of it?

COMMISSIONER LIBRERA: Well, you talked about the community part of this. We take that to mean two distinct parts. First of all, the whole part of community involvement and understanding what it is that

you're doing. That's just simply good practice. That's just the way things need to be done.

When I was talking to -- or responding to Assemblyman Malone, I was talking about the Department and working more closely with districts and talking to them about when you're going to do these kinds of referendums, here's certain good practices -- these public hearings and the way you present that. This is how you avoid problems. We are going to insist on good planning and good practices with that.

The other part about this -- the community school piece of this -- that will add some cost to projects, but there are ways in which that can be done that are cost-effective. What we are working with school districts on is to see that they are making their structures designed in such a way that they can cordon off certain sections of their buildings so that the community can have access after 4:00 because in the long run, if you do those kinds of things, you don't have to build gymnasiums someplace else. You don't have to duplicate those kinds of facilities. So, though there's an initial increase in cost by putting community schools pieces in this, in the long run, it's dollars well-spent.

Now, we are also working on a couple of designs right now where we're trying to emphasize small schools that use common facilities, clusters of schools around common facilities so that you might have three small schools in some urban centers around a common set of facilities called a gymnasium so you don't build gymnasiums three times, libraries three times. But you do that in such a way that you, in a maximum way, make those facilities used more than 180 days of the year, more than the hours of 8:00 to 3:00 because

the community will be able to use those gymnasiums. You usually don't wear gymnasiums out. You usually have to replace them because you haven't maintained them. So it's a small cost initially that's an increase. Over the long run, it's dollars well spent.

ASSEMBLYMAN GARRETT: Just a follow-up and that's it.

When I hear any complaints or concerns if I go back to my district, which is none of the Abbott districts, where our districts are obviously getting a much smaller percentage of State aid on construction-- Maybe I'm just off base on this-- Would they say, "Well, gee, we would love to be able to do that in our schools up here, but since we're picking up the bigger piece of the pie, we can't add on that little extra piece of it. We're already at the budget limit of what the local people will support. But gee, down there in those districts, they're able to have these neat little school systems and do exactly like we want to do." Does that happen?

COMMISSIONER LIBRERA: Well, you know you're going to hear that because we all hear that. The question becomes, from a community planning perspective-- My guess is that the mayor and council, or whatever form of government exists in any community, has been saying these kinds of things to school people all along. Let's not duplicate things when we don't have to. That's especially important. We ought to be sharing things like libraries and gymnasiums.

And the time to talk about that is in design, not after it's done. After it's done, if you positioned your gym in such a way that the whole school has to be wide open to get to it, that's an invitation to all kinds of problems.

There are better ways to do that by designing them simply with how the community is going to use it.

Our point about the design is not whether you've got a community piece to it, but where is your community piece to this -- to all designs. We really think that ought to cut across all communities in this state because it's just good practice. It's horse sense. That's what we should be doing.

ASSEMBLYMAN DORIA: Could I just follow up on that -- and then Assemblyman Connors.

I want to follow up on this community education and the use of facilities. I agree with you wholeheartedly, Commissioner. That's the right thing to do. Unfortunately, in the standards created by the legislation -- and this is something, if you remember, I spoke about and disagreed with.

A lot of what would be used by the community is not included as approved under the present legislation. And, in fact, whether it be in your district, Assemblyman Garrett, or my district where we get 40 percent, or whether it be in an Abbott district, that 40 percent wouldn't cover those facilities for us. And in Abbott, they wouldn't be covered. They would not have-- The local district would have to pay for it.

We, unfortunately -- the administration in that instance -- and I know Joe didn't agree with this, but he was -- governors speak from on high many times-- In this instance, Governor Whitman, in her administration, felt that there was no need for a gymnasiums. We created cafatoriums, which is a nice concept but then does not -- cannot be used very effectively for the community -- so that we excluded it in the legislation-- And one of the things I'd like to see changed as amendments to the legislation -- going on with what

Senator Rice was talking about -- is to include these things back in because they add, in the end, cost savings.

We created such stringent guidelines for what would be allowed, whether it be in an Abbott district or a non-Abbott district then would be covered by the State that anything like this, whether it be the pools that they were talking about yesterday -- community pools -- and Paterson was talking about -- or a gymnasium or a library that then could be used by the community. Again, the library would be included, but only a certain size that might not be large enough to then be shared.

The legislation that we presently have excludes most of what the Commissioner is talking about. I just want to emphasize that I think we need to review. I agree with Senator Rice. This is something that we should immediately deal with.

We've excluded a lot of the educational facilities that could be used by the community that creates duplication -- that actually would prevent duplication -- but now we create duplication because they're not being covered. This is something we need to deal with.

We need to deal with it immediately. I think it's one of the things, Senator, we should include in a piece of legislation as quickly as possible.

And now Assemblyman Connors has a few points.

ASSEMBLYMAN CONNERS: Commissioner, thanks again for being here.

Commissioner MacInnes--

COMMISSIONER LIBRERA: It's our pleasure.

ASSEMBLYMAN CONNERS: There are some good things happening out there. Of course, I had the opportunity earlier this year to break ground with you and the Governor and some folks in Burlington City when we broke ground, I guess, on the first preschool. I think we had maybe 10 little preschoolers with little shovels also helping. That was a great thing.

But yesterday, we had folks here from Irvington -- Superintendent. We were talking about one of their buildings where a boiler had broken. Listening to the whole thing I found it very interesting. It made me think about health and safety issues that I have in the Abbott district that I represent and probably goes on in a lot of them, because the buildings are aging. They talked about the build out cycle of an Abbott district can take as long as 10 years. Two years have already gone by.

In their situation, they had a boiler go. It began to spew fumes and so forth. They replaced it themselves. They spent the money themselves. I don't know whether they had the cash or they borrowed it and they have the interest expense associated with it. As of the testimony yesterday, they still haven't been -- I guess got the money or-- As of yesterday, nothing had happened yet.

I guess the concern is that-- Say it was a roof, and they had to put a 20-year roof on a building with a five-year -- a five-year building with a 20-year roof. There appears to be something seriously wrong with that. I guess my question to you is, is there something being done in terms of emergency situations like this that arise that are now clear-cut, because it sounded as if yesterday, their situation isn't clear-cut and there wasn't a resolution? But is



there something being done to define these situations? What can be done to take care of them immediately?

ASSISTANT COMMISSIONER MacINNES: I'll invite Bernie to correct me if I'm incorrect about this.

This circumstance described in Irvington has arisen in a number of other districts. There remains confusion about reimbursement where districts are not able to wait for the process to take care of roofing projects or boilers that are urgently in need of replacement or repair.

I think we have a number of instances that are now being considered in terms of, for example, reimbursement for expenses made by the district or the municipality.

MR. PIAIA: In general, we do have a process in place for emerging projects. Typically, those are moved up. On the DOE side, those are moved up to the front of the line to get reviewed and approved. If they're under \$500,000, then even if they have to go to the EDA, they can be given back to the district to do so that they can move them on in a much quicker fashion.

I mean, I don't know the details of that particular--

ASSEMBLYMAN CONNERS: I guess the question-- In this case, it was a boiler, but what if it was a roof, and it's a building that's going to be replaced, but we still have children in the building and safety and so on and so forth? What happens in a case like that?

MR. PIAIA: In general, we've tried to-- I mean, if they're going to be using that building, we would fix the roof. I mean, it may not-- We've tried to-- You're always balancing between-- You want to make sure that the facilities are safe and that the roof is going to last. You would have to, in that

case, fix that roof because you don't have an alternative. You don't have anywhere else to move those children. If there's someplace else to move the children, then you can look at it from that perspective.

COMMISSIONER LIBRERA: The answer is, it has to be done, it is done. The problem in this is the reimbursement piece of this. I mean, nobody's going to-- They can't have a school without a heating system. You can't have a school where the roof is-- You can't have things like that. We have a process to do that. What we have to do is find out, in those instances, where districts like Irvington weren't reimbursed, why, and when is it coming. This is a substantial amount of money.

You're right. Not every district is in a position to do this and wait for the money later.

ASSEMBLYMAN CONNERS: As I said, I sat here, and it just-- I hear stories like this, and I'm just shocked. This was as of yesterday. Is there any-- Do you have any knowledge of whether this is being addressed as we speak?

ASSISTANT COMMISSIONER MacINNES: The Irvington issue?

ASSEMBLYMAN CONNERS: Yes.

ASSISTANT COMMISSIONER MacINNES: Bernie, Assemblyman Connors was asking about Irvington, specifically.

COMMISSIONER LIBRERA: Well, I was just talking to Bernie about this. The agency ultimately responsible, we understand, is EDA. So, they have to speak to why this hasn't happened.

But in the advocacy role, that's our role to advocate for Irvington and say, "Where is this? What's happened with this?" Caren can speak to that when she's at the microphone.

ASSEMBLYMAN CONNERS: Very good. Thank you.

ASSEMBLYMAN DORIA: Are there any other questions? (no response)

We've taken a lot of your time, Commissioner. We appreciate it.

What I'd like to do is just maybe summarize and say that obviously the issue of communications is important, whether that communication is between the members of this Committee, both the Senate and the Assembly, the Joint Committee, as well as yourself and, obviously, EDA. We want to maintain these communications. We're hopeful. And we would ask your forbearance that some time again in the fall we get together to see where we are and where we're moving.

In addition to that, I think that Senator Rice's point is that we would like -- and we will be putting together a piece of legislation to deal with a number of issues, including the \$500,000 cap, as well as dealing with this issue of community education, which is something I'm very concerned about.

But we would like your input. Any suggestions you might have you can get to myself or the Committee Aide, Kathy Fazzari, and we'll share it amongst all the legislators and, of course, with the Joint Committee with Senator Rice to suggest those things that you see presently cause some difficulties. I mean, there are things that we see, and I'm sure Caren, when she comes up, will also present some.

But we want to thank you very much for your patience, for your forbearance, and for the time you've taken.

Yes, Assemblyman Stanley.

ASSEMBLYMAN STANLEY: Thank you, Chairman.

The other thing that would be great is if we could receive ,in a blueprint or a org chart, as to the process for approval of facilities; how this thing is going to actually map out. One of the problems yesterday we encountered--

ASSEMBLYMAN DORIA: It's a good idea, an excellent idea.

ASSEMBLYMAN STANLEY: --was that nobody really knew what the next step was until you got there. Then you didn't know the next step until you got there. A lot of times, it was very unclear. So, if we could get that, that would be very, very helpful.

ASSEMBLYMAN DORIA: A decision tree would be great or a flow chart, one or the other that would allow for all of us to see how the decisions take place and who goes to where. That would be helpful. Whether you do it as a flow chart or a decision tree, whichever would be more expeditious.

COMMISSIONER LIBRERA: We'll be pleased to provide that to you. What we would ask is that you understand that the gentleman who's been appointed is not going to be in the position until, I believe, August 19. We would need a little period of time after that to reflect the changes immediately that are going to happen. But it's not going to be a long time.

ASSEMBLYMAN STANLEY: Tell him he's got to start tomorrow. We've lost too much time. (laughter)

ASSEMBLYMAN DORIA: If we could--

COMMISSIONER LIBRERA: I will tell him. Now, whether that will work is another story. I will tell him that I've been with some powerful people. That may make a change, but I don't think so.

ASSEMBLYMAN DORIA: I doubt that.

COMMISSIONER LIBRERA: But as for our involvement, Mr. Chairperson and all of the Assembly people here today, we're pleased to have this opportunity to communicate with you. We're pleased to answer questions. We're pleased to respond to your concerns. We know this is a partnership and that what we can do together, we can't do separately. We understand that. We want to do that.

So when you want to speak to us again, please let us know, and we'll be pleased to be here.

ASSEMBLYMAN DORIA: And we thank you again for your patience.

I also want to recognize the President of the State Board who sat here for the entire discussion, Maud Dahme. I want to thank her for being here -- also to hear what's going on and take it back, hopefully, to the members of the State Board.

But again, Commissioner, we thank you.

Senator MacInnes, as always--

Bernie, very nice to have met you.

We thank you very much. We appreciate the job you're doing and the work you're doing for our children in the state.

Thank you.

COMMISSIONER LIBRERA: Thank you.

ASSEMBLYMAN DORIA: And now we'll ask Caren Franzini, the Executive Director of the Economic Development Authority, to come forward with her staff. I know she has a presentation.

As she's coming up, I just want to say something, because I think it's appropriate to say this at this point as I said with the Department. In this instance, Caren has been with the EDA for many years. The EDA was one of those agencies, no matter which administration was in power, that seemingly always got the job done. I want to say that publicly, because I've had the experience of working with them. They did an excellent job in the areas that they were supposed to be working in, which was economic development and the creation of jobs and working with the communities of the state to do those things. They were obviously given this responsibility at the last minute, and I'm sure Assemblyman Malone could tell us the machinations that took place and describe to us how, eventually, EDA became the agency that was given this responsibility. I'm sure Caren was never truly consulted, nor was the--

ASSEMBLYMAN MALONE: I'm not sure anybody was, Mr. Chairman.

ASSEMBLYMAN DORIA: Nor was the board and Mr. Coscia, who's the Chairman of the board, who's done an excellent job, also. I think they were surprised, not happily, when they were given this responsibility. They were not given immediately the staff nor the resources to do what had to be done. So, we understand that.

But at the same time, our concern here, Caren, is that we tried to move forward and get the job done. Maybe you could express some of the

frustrations. Tell us what you feel may need to be done, how we can help you, how the legislation can be changed, what has to be done to move forward on this. I think all of us are as frustrated as you are.

But I want to begin by saying my experience has always been a positive one with EDA in the past. EDA has done an excellent job in the areas that they have always worked in -- the traditional. This is, obviously, the nontraditional.

Caren.

SENATOR RICE: Mr. Chairman, before she may, through you-- Let me just concur with you. And let me, for the record, indicate one of the reasons EDA received this responsibility. And it's one of the reasons I'm going to be asking Caren to go further, as we go through these hearings, to make sure there's real accountability.

I said it yesterday. You've heard me say it here. I've argued with my caucus. Senators Bryant and James put in their minority local piece. Local does not mean that someone from New York or Pennsylvania comes in here and gets a job that someone else can do from that city or from that county or from the state in general.

She got it because when we looked at -- when we argued the case as to where it should go, it became clear that even though the State does not have the world's greatest affirmative action -- women, minority business participation-- And that goes back when folks keep challenging us. And they're trying to challenge us again. That's unions and everybody else.

What we can identify was the agency that had the best track record, even though it's not the greatest, was EDA. We always felt that there

was accountability there and there were efforts there. That's one of the reasons we went there. And now we've got to make sure they go beyond the call of duty. We know we're getting ready to meet some court challenges on some stuff because New Jersey is New Jersey. I'll get into that. That's a whole other story.

I just want to let everybody know that's one reason we argued for it to go there. Whoever else argued, I don't know. But because of what the rationale that some of us, particularly minorities and urban representatives had, that's why you have it. You're doing a pretty good job. That's why I didn't want them to beat you up for all the negatives of one of the process.

ASSEMBLYMAN DORIA: Anyone else like to make any comments, because I think everybody feels very strongly that EDA has done a good job?

ASSEMBLYMAN MALONE: I can't imagine a person who has kept a more calm demeanor, a sense of humor through probably one of the largest undertakings the State has ever been involved in and done it with such class.

I can honestly say that I don't know how you've done it. I don't know what you take at night or what you do, but you are to be commended. (laughter) In my years in local office, I can honestly say that you're probably one of the smartest people I've ever had the opportunity to work with. I just hope this thing becomes a real success for you, no matter how it works out, Caren. So, you're to be commended for a very fine job.

ASSEMBLYMAN DORIA: See, now we've set you up. We've said all the nice things. (laughter)



Okay, Caren.

MS. FRANZINI: Thank you all for your very nice comments. I will--

Before I can begin my formal remarks, Chairman, I do want to tell you how frustrated I've been with the process of trying to work through the morass. We, as you -- and I think the Assemblywoman stated it best. We want to get schools built for the children. That's all of our bottom lines. And we have barricades we need to get through.

I do have formal testimony. It is rather long. I will try to talk quickly. Even though I'm from South Jersey, I can talk fast.

I thought it was important to give you a little bit of what has been done. It's not perfect. It's not great yet. But there have been some things that have been done -- paint the picture of where we are. I thought it was important to understand a little bit of background.

At the opening hearing yesterday, although I personally wasn't here, I made sure one of my staff representatives was here the whole time, and people were listening on the Internet. We heard criticism about the program, for sure. Many of those voices are supposed to be the beneficiaries of the program, and they were, obviously, the most vocal.

I'm going to address some of the remarks made, but I really want to concur with them in that we have a lot of work to do with the school construction program. That program, as you know, involves health and safety repairs, early childhood facilities, new schools, and grants to districts where EDA is not the developer.

Our hope is that the members of the Committee today will take away from the hearing understanding of our challenges that we face and things that we need to get corrected.

The program has definitely experienced some difficulties. We are in the development stage. A lot are growing pains for a program of this great magnitude. The program today is on a much sounder footing than it was two years ago.

As part of your package, I think I handed out a summary chart that you might have in front of you, which I thought was just important to summarize some of the activities today.

I'll go through it later, but I will tell you land acquisition is one of our biggest challenges. And I will go through how I concur with all the comments made that we need to give more back to the districts.

As you can see, we have 103 sites that we are now investigating that involve over 1000 lots. That's 1000 property owners. That's just the beginning of the iceberg. There are many more coming after that.

In terms of health and safety, I know that's a concern of the Committee. You heard before that one-third of the work is either done or in construction, and the Governor's mandated he wants the balance 90 percent done by year end.

Right now, we have 14 early childhood centers that are in design now. The design is complete. One, as the Assemblyman knows firsthand, is under construction. We have 35 new schools that are in design or complete. Our board of directors, actually, is meeting tomorrow to approve a new middle

school in Union City and new middle school in West New York, which will be two new schools in construction.

Some of the credit for improved performance over the past six months has to go to many of the people you heard from yesterday because we were listening to them, and we were making changes all along to the program.

However, I must say that Governor McGreevey, who was very blunt with me, personally, and with our office about his dissatisfaction with the program. As you know, the Governor, two days ago, announced his concern -- the program -- and suggested changes that are being made as we speak.

In a series of discussions with the Governor and his staff -- Jim Davy, we undertook a collaborative review of the program, and the Governor has three major parts that he talked about.

One is streamlining. The Governor acknowledged that the program, at its core, is sound and viable. We have followed very closely the legislative intent of fiscal and more integrity. We have handled nearly \$1 billion of commitments -- \$944 million to be precise -- of obligations to both non-Abbott and to Abbott districts. We have done so with a very sound mind of fiscal and more integrity. We have transacted hundreds of contracts with architects, engineers, title reviewers, appraisers, and contractors. We have purchased real estate, leased real estate, installed 275 modular classrooms and the furnishings of them. They've occurred without any lawsuit or without any significant dispute.

The problem has taken longer than anyone anticipated. There are too many approvals, too many State entities, and too many humps to go through to get a project done. In many cases, this is due to the projections

actually that were built into the bill itself. Design professionals, general contractors, and many subcontractors are required to be prequalified. In fact, if you're a minority contractor, you have to go through four steps to get prequalified to do business under the school construction program. Three are for all contractors and four for women, minority, and small contractors.

We also had a new selection process, which I do believe is a good process to select contractors based on price and other factors. But it was a new process for the construction industry to understand and for us to work with them. And we continue to make enhancements to it.

Overall, the Office of Inspector General is mandated to review each prequalification for fiscal and moral integrity. As you can imagine, these new processes require getting used to, especially in the contracting community.

We talk about what held things up and why it was slow. One year ago, we had 93 percent of our projects in July of last year rebid. They were rebid. And that meant all the work that people were thought to get done last summer didn't happen. It didn't happen because the contractors were understanding enough of the process. They didn't understand they had to have four prequalification things in place in order to bid. They didn't understand that to have a subconsultant, they also had to be prequalified as an HVAC or electrician. So we had to throw out bids because they did not meet the requirements of the law.

I'm proud to say that today, a year later, we're not at more of a 23 percent rebidding of the work. That's not where we want to be, but it's a great improvement. So, we're a whole year behind in having the health and safety work--

I could have sat here a year ago and told you I wanted it all done last summer. It should have been. We never anticipated having to do that many rebids in the construction program.

The Governor has also made it clear he wants to streamline our activities. With his guidance, we have found and made changes to our process. We've made it easier to prequalify. You now can go on our Web site. There are four forms that have to be done. You can access them. They're from three different State agencies. You can get them right on our Web site and start to fill them out.

We also made it easier and faster to award a bid. A year ago, it took 110 days from when we put the ad in the paper to award it. That's unacceptable. We've cut that in half, and we need to cut it even more. So, we've begun -- made changes since January of this year.

The second change the Governor announced is the formation of a subsidiary. I know many of you are concerned that we're going to all of a sudden stop and it's going to take us time to regroup. That's not going to happen at all.

I have sitting next to me and behind me a group of people that have been with us in this school construction program. They all happen to be in one building by themselves today. We will now have a new person there, day-to-day heading that chart in a new corporation. What's key is the people that are involved in that corporation, too, are members that are on our board now, such as the Department of Community Affairs, which is a key partner, and other State agencies.

I'll tell you now that the EDA board should not also be doing school construction. It is the largest single public works project in New Jersey and perhaps the world. It did not make sense for the EDA board to help as we do \$800 million a year in financing the businesses and not-for-profits and also do \$1 billion a year in schools. It's too much for one board. The Governor understood it and is having a board to focus on that.

The new chief executive officer-- I will tell you I am very excited that the Governor convinced Al McNeill to take the job because although we have a dedicated group of people, EDA on the financing side--

The way we've been successful is we have people from the private sector -- from banking, investment banking, real estate running our programs. We needed someone from the private sector, as well, heading up the charge to put in processes in place to smooth out the school construction program. Al McNeill doesn't have to have this job. He's retired. He was Chairman of the Board of Turner Construction. He took it because he believes in the cause. He believes it can be achieved because he's on the line, as well.

The third area is community collaboration. Community collaboration is key of getting community input. A couple of things have taken place already. The Governor, as you know, formed the Abbott Implementation Council, which called together for the first time for us to sit at the table to talk rather than be in the courts litigating.

In addition to that, the Council created what's called a facilities committee. This committee is not one committee, it's several committees looking at various aspects of the school construction program.

I will tell you the biggest area that you heard yesterday and you hear today is on redevelopment. As the Commissioner correctly stated, and Gordon MacInnes, as well, we are aimed to put redevelopment back to the districts for the districts to be able to take beginning steps in site acquisition and development.

The critics who proposed yesterday that they want greater district involvement in the design and construction process-- We said we heard you. We are devising a mechanism within the constraints of the law to allow redevelopment to be handled by the districts while paid for by the Act under the \$500,000 limit.

The facilities committee is also looking at things such as streamlining land acquisition, developing technology standards for a networking system, analyzing the facilities efficiency standards and many others. We're happy to be part of this committee, look forward to their final recommendations.

In addition to the Governor's initiatives, I thought it would be helpful to just let you know where we are in terms of the status of the program.

You can see in my testimony before you -- in terms of the health and safety work and the progress to date. As you can see on the chart, we have seen a tremendous increase in both advertisements and notices to proceed in construction contracts. By year's end, the Governor has mandated that 90 percent of all health and safety constructions be completed.

In all, we have signed contracts for over \$230 million of contracts for the health and safety work. Daily, I'm signing three to four notices to proceed for contractors to begin the work.

As you can see, we have increased tremendously from the spring, and our notices to proceed to contractors jumped noticeably. They've more than doubled from where we were a year ago. So, we have seen a tremendous increase in activity.

Health and safety thought-- People wanted that years ago. The law was signed two years ago, and there was a waiting list for the 400 health and safety projects. So, although the law was signed two years ago, people were waiting four years for that work to get done. It took a lot of work to get 403 projects completed design and in construction. That's not an easy task. You have develop forms.

Just two years ago, we didn't have any staff. We didn't have one form in place to do anything. Nothing. And so we started everything from scratch. It's like starting a new business. Someone gave you \$8.6 billion to start a new business and said, "Go." But there was none of the infrastructure in place. And the infrastructure that was formed was formed under theories you heard earlier. There was total mistrust of the Abbott districts. It was formed with a lot of bureaucracy in process. And now, since January, we have taken an overall look at that to make it better.

But getting back to new construction, which is what people really want to see -- people are tired of hearing health and safety. But I'll tell you, those are critical projects to get done.

New construction: We have started construction in Burlington City, and we have two construction projects starting tomorrow. In total, which I think -- for the health and safety and these new construction projects, we have a total of \$242 million in construction bids. This is against our



construction cost estimate of \$230 million. So we're 5 percent over our estimates for the projects, which I think is a good standard to be at, although we'd like to be right at the CCE.

I also wanted to comment about expectations for a moment. As I just stated, the problems of Abbott buildings have been festering long before the legislation was passed. The legislation began 30 years ago with the concern on Abbotts.

I know, as Assemblyman Stanley remarked yesterday, that ground should have been broken two years ago right as the bill was signed. I just ask you to consider that what happened was a lot of districts had architects in place and had things already going. All of a sudden, the bill was signed and then stopped. You can't do anything. EDA has to do it all. So, there's been a learning curve of trying to figure out how to get them back doing it and at the same time, having EDA have oversight.

But in any new construction, that's all you know. The difference is the districts can just select their architect. The law is very clear that we have to bid out architect work. And if you bid out architect work for new schools, you can't just do RFPs, you really have to do requests for qualifications first, or else you'll be having too many architects bid on everything.

You have a two-step process and do requests for qualifications and requests for proposals. Under any kind of public bidding, that's in the law, you have to do both. And that's going to take you 100 days. You get the proposals in, you reward it, and then it's going to take six to nine months to design the new building. They design the new building. You then get that approved. And then you bid it out. And it's going to take a year or two to

build it. If any school-- If anyone's building buildings, we have a time frame. Our key is how to get the approvals streamlined and not to add any more confusion to the process and get it done efficiently.

In addition to the Abbott districts, as you know, the bill also mandates EDA to construct facilities for districts receiving more than 55 percent State aid. Just for your information, we now have three districts we are moving forward for: Barnegat Township, Buena, and Woodlynne, where we have three new construction projects underway.

The bill also called for districts receiving less than 55 percent State aid for the EDA to provide grant funding for projects approved by the Department of Education. There are over 550 of these districts. Currently, we have executed 400 grant agreements that represent \$614 million in commitments. We monitor their progress and performance. And to date, we have dispersed \$100 million against those approvals.

One year ago, we had not executed a single grant agreement. Two hundred had been offered to non-Abbott school districts. Today, over 55 percent of the grants that have been approved have been executed, and we're moving forward on them.

I will also tell you that we learned a lot. We had the School Boards Association and others tell us what was wrong with the grant agreement. We developed the grant agreement with a bunch of lawyers. That was not the way to go. It was the wrong way to go. I'm married to a lawyer, so I can, I guess, say something nasty about them.

What we needed to do is get the architects in districts to tell us how the grant agreement needed to work. And in January we changed the

grant agreement. And that's why we so totally improved our numbers in terms of the grants done.

Schools of new design: The only good thing about not having more schools under design right now is there's been so much literature in the past two years about community schools and community design. There's so much to be achieved. The Governor had, in his executive order, two things which I think are important. One is community schools and community access, and two are environmentally friendly buildings.

A lot of this was discussed this morning. Just as an example, the Union City School -- and I give all credit to the Union City school district and to Union City-- What they're doing in the building -- the project we're going to -- hopefully our board will approve tomorrow -- is they're going to have three wings of their buildings. One of their wings is so each wing is accessible to the public. One of their wings is an expanded library. It's bigger than what the school facilities standard allows because the city of Union City has agreed to pay for the larger library.

So, we are actually entering into a separate funding agreement with Union City for them to pay for the larger library that will be in part of their building. That came from the district. It's all the district's inspiration, idea -- with the city. And I applaud them for their ideas. Many more great ideas are happening in the Abbott districts.

As the Commissioner said, we want to ensure the designs are built so that you can access your school at night. I also have young children. I'm at the building all the time on weekends and at night for basketball games. We

want to ensure all schools have that access to their gym, to their libraries, to other facilities so the community at large can use them.

Going on to what I know is a concern of both Assemblyman Stanley and Senator Rice is the area of affirmative action and set aside. This has been a cornerstone of the program since we began it. I knew very early on, from the minority caucus, how important that was. I personally had several meetings with them to make sure that we weren't just giving lip service to a process but we were actually making things occur. As you're aware, the State sets guidelines right now of 7 percent minority, 3 percent for women -- set aside contracts -- and to small businesses.

Of the \$184 million in construction projects awarded to date, 16.5 percent went to minority contractors, and 5.6 went to women. It exceeded the State standards. We want to do better. But it definitely exceeded the State standards.

Of the \$100 million in professional services, 12.1 percent went to minorities, and 5.2 percent went to women. So far, we are exceeding the compliance goals. However, we want to do better. And what we're going to do are several things.

One: we've already held -- and the Governor kicked off our first one in Newark -- workshops to contractors to explain to them exactly how to get more work under the school construction program. Two, in addition, we have already developed training programs for small contractors to attend training programs to understand what it takes to be a contractor. Once they've gone through that training program, we are also, from the EDA financing arm

-- will make loans available and guarantees available to get their businesses growing.

In addition to the contracting side, what's also important is that we make job opportunities available. If we don't make job opportunities available to people who live in the Abbott districts, to me, we have not been a successful program. Just as important it is to build great schools, it's important to ensure the parents, the aunts, the uncles, the grandparents of the children going to those schools have great jobs.

So, what we've done is we've partnered with the Department of Labor to develop a preapprenticeship training program. What's key to the program -- the way it was advertised is that it had to be a partnership between community groups in the Abbott district, the unions' apprenticeship programs, and the Workforce Investment Board. That way, you can ensure that all parties are working together. Pilot programs will be beginning in Newark, Camden, and Trenton. They'll be held throughout the state. We want to ensure that the people that build the schools, the people that live in the Abbott -- but they're trained in order to get the work done.

If I can just change notes for one minute and just talk about schools of the 21st century, as we call them. In the Governor's executive order, he clearly stated that it's very important to have high-quality schools. And schools of the 21st century -- we believe they include such features as natural daylighting, fresh air ventilation, energy efficiencies -- state of all design concepts. These are concepts promoted by the U.S. Green Building Council called the Leadership in Energy Efficient Design, or LEED. We have had all our design construction staff trained in the LEED design to understand what

it means. We are strongly encouraging buildings do that. They're a better place for kids to learn. When you have more daylight coming into the buildings, it's better for them to learn. Two, once the district owns the building, it's much more energy efficient for them to operate, so it's going to cost them less on an operational basis.

In sum, EDA is committed to adapt the program as necessary to meet local school district needs while protecting the State's taxpayers' interest. We want to provide first-class facilities for all our students in New Jersey. We want to bolster New Jersey's economy and offer new opportunities for the State's small and midsized, women- and minority-owned businesses. And we want to help to revitalize communities.

In conclusion, I want to state that with all our various responsibility in every school district in this state, we have, so far, dispersed \$193 million against real commitments -- contractual commitments and \$944 million. All this activity has happened in two years. It has been performed by a group of 68 people at the EDA. None of these 68 people worked at the EDA before. These people have had to draft regulations, create contract forms, compose design manuals, develop policies, and implement procedures that didn't exist so that we might do business that the Legislature called us to do.

We've been audited by the State Auditor and found to be in good financial and operational condition. I say again proudly that in these two years and nearly \$1 billion of activity, we've done all the things without a single lawsuit, accusation, or hint of scandal.

I believe that this success is a testament to the thoughtful safeguards that the members of the Legislature built into the Act. You created

an Office of Fiscal Integrity to monitor our procurements. You required a prequalification system to be created and utilized. You developed an innovative procurement system of price and other factors. The system that you envisioned has been proven to work.

Mr. Chairman and members of the Committee, I close by offering to you that you have devised a program -- revise a program to rebuild the public school infrastructure in the State of New Jersey.

Governor McGreevey has announced three major initiatives to make the system work better and faster.

On behalf of the entire EDA, I would like to say that we are proud to be entrusted with this great program. I believe the members of the Committee should have confidence in the security that has been built into the system. We can anticipate that we will make changes to that program to ensure that we have more community input, we have more work being done by the school districts, and we continue to build quality schools in New Jersey.

Thank you, Chairman.

ASSEMBLYMAN DORIA: Thank you. Thank you very much, Caren. That was a very comprehensive presentation.

Would you like to make the presentation -- the PowerPoint presentation next?

MS. FRANZINI: I decided not to do that, but stick with my remarks.

ASSEMBLYMAN DORIA: Okay. So we don't have to do that. Very good.

MS. FRANZINI: Thank you. It would be easier.

ASSEMBLYMAN DORIA: That's easier.

Thank you.

At this point, I'd maybe like to ask some questions as it relates to the implementation process and some of the issues that were brought up that we brought up with the Commissioner of Education.

That \$500,000 cap that presently is in existence that allows districts to do work under \$500,000 for specific projects, we understand it's project-by-project, not a total cap for the district. Do you think that is a sufficient number? Do you think it should be raised? Do you think that it's somewhat realistic or not, given what you know is happening in the individual districts?

MS. FRANZINI: Just before I answer that, if I can, Chairman, I just want to introduce the people that are with me.

ASSEMBLYMAN DORIA: Sure. We'd be happy to have you do that.

MS. FRANZINI: To my left is Donald Moore. Donald is our Director of Design and Construction. Once all the projects are bid out, both from the architectural side and the construction side, Donald and his group of people are responsible for overseeing the construction in the field.

To my right is Mark Lohbauer. Mark is head of our policy and communications. So all the neat things that we're doing with LEED designs and other kinds of interesting community school designs come from his group.

Behind me I have Gerry Murphy. Gerry is our coordinator of all workforce issues. He was brought on board to coordinate our activities with the Department of Labor and the project labor agreements and our



preapprenticeship training program. And Gerry comes from a long history of doing that in the city of Philadelphia and has a great experience there.

Sitting next to Gerry is Andrew Yosha. Andrew is the head of our contract administration as well as our procurement group. He's had great experience from the city of New York.

Sitting next to him is John Rivera. John is our Chief Information Officer. John actually did a great job at the EDA offices heading up our MIS group and decided he needed additional responsibilities, and now he completely works only on the school program.

ASSEMBLYMAN DORIA: Thank you. I'm glad you brought all your--

MS. FRANZINI: Thank you.

Getting back to your question on that \$500,000. I believe-- And we've had a number of discussions for the redevelopment work in order to do the site investigations, selecting of the sites, and to do some of the predesign work. The \$500,000 is enough.

Where it gets questionable are a couple of areas. One is, as Assemblyman Connors talked about, when you have an emergency project, and you have that emergency roof and the roof is just leaking down and it's going to cost more than \$500,000, it's not going to be enough for that kind of project. It's not going to be enough. It all depends. The law right now says that EDA completes all the designs. So it's enough for certain aspects of work to get done -- the smaller projects. Obviously, it's the size of the projects to get done-- I do believe though for the redevelopment work that we've been talking

about, to get back to the districts, that that should be enough to get it started on a project by project basis.

ASSEMBLYMAN DORIA: So what I think you're saying is when it deals with redevelopment, the \$500,000 max is good. Maybe if we put in for emergency projects -- to put a higher cap -- it would be realistic to deal with that higher cap for emergencies.

MS. FRANZINI: I think emergencies are an issue that we need to address and look at.

ASSEMBLYMAN DORIA: That, I think, is an important question.

One of the things that you mentioned that the Governor has done in his executive order -- we discussed with Commissioner Librera -- was the issue of community schools and the whole issue of efficiency -- educational efficiency and some of the terminology that was in the legislation. Maybe you can give us your viewpoint as it relates-- And you talk about the eventiveness or the ability to come up with new concepts such as in Union City with the expansion of the library.

Do you think or see a need for us to deal more with this community education element in school construction, both Abbotts and non-Abbotts to make some of that eligible for funding under the legislation?

MS. FRANZINI: I think that community schools are critical for across New Jersey -- that they are the way to go. Every school does not need to be a community school, especially when you have several schools in one district. But if it's the only school in the district, that school can serve as more

than just-- If you were to build a new construction -- can serve more of the needs of that community.

The key issue is paying for it. I'm not going to put on the Treasurer's hat of what can be afforded and not afforded, but it is a key issue. It's not included now in the facility efficiency standards for what's needed for a thorough and efficient education for the Abbotts or generally in schools. So, it would need legislative changes, as I understand it. But I believe that community schools--

One of the things we can do without changing it is to, in the design of the schools, have the buildings accessible, have the gym accessible, have the library accessible. So, in the design features -- to get it done. The key is how big is that gym and how big is that library and how big are the other parts of the facility? That is something that needs to be addressed.

ASSEMBLYMAN DORIA: I think that's a very important question. The accessibility issues, as well as the size, because, obviously, if it's meant to be a community function, the size usually has to be enlarged a little as you point out in Union City with the library.

So, members of the Committee?

Senator Rice.

SENATOR RICE: Is it possible you can send, through the Chair, a list of all the "minority businesses and women businesses," who they are, where they are from, and break it down geographically in terms of the locations, because I've seen reports before where people give me a bunch of names and they look wonderful. We don't know where they live or where their

business is located. We can't verify the information. That's just probably computer (indiscernible) for you.

MS. FRANZINI: We'll definitely do that, through the Chair.

SENATOR RICE: Right.

MS. FRANZINI: If I can, Senator, just one other thing. Right now, we've actually made our Web site such to encourage majority firms to utilize the minority firms as subcontractors. We actually have it on our Web site keyed in so they can pull up by discipline and by area and where they're located, who are all the women and minority contractors available.

We also are now listing on our Web site, every time we have a mandatory prebid conference, who the contractors are that attended that. And what we're informing the minority community is, "Hey, these eight firms attended the mandatory bid conference. You should contact them to say you would be part of their team." So that's a new addition we just added onto our Web site to make it accessible for the minority community to try to make partnerships as subs.

SENATOR RICE: Well, that brings me to my next question. Who monitors the affirmative action, because people don't like this reality and the politics of it? Mostly elected officials don't like to have it said. But to be quite frank, unions really don't want a lot of minorities. They just want some minorities. These majority corporations really don't want minorities. It's almost like a necessary evil to them. That's unfortunate. They find ways to make sure we don't participate. And nonminority legislators and some minority legislators don't want to speak on it given the politics of it.

I have to speak on it. I raised that when we were putting this program together.

MS. FRANZINI: I know.

SENATOR RICE: I've had those experiences. I'd like to know who monitors that. And this whole PLA was really about school construction. There's no doubt in my mind. That's fine. But then that gives some opportunities, but not enough in the majority of those of us who cannot get a union job, regardless of whether we have the training and apprenticeship programs or not, because we don't meet their criteria about the literacy or something else, even though we may be a better craft skilled person.

Someplace down the line, we've got to fit that component in because that's the component that I'm confronted with, my colleague Assemblyman Stanley is confronted with on the street corners. I got it yesterday. "I need a job. I did some time. I used to have a drug problem. I don't have it now." Well, these are excuses for "others not to hire us but be critical of us." I won't say any more on that. That's why I'm passionate about it.

Who monitors, and what's the monitoring process?

MS. FRANZINI: Dan Kirton, from my office, is here. Dan is our Manager of Affirmative Action. He has people working with him. But in addition to that, we have project management firms that are out in the field responsible for overseeing the projects that Donald oversees. They also have many reports that they must submit. In fact, they don't get paid -- the contractors -- unless they submit their reports and submit the information to

track what they told us they will do in terms of -- both on the construction side, the contracts -- as well as on the labor side.

Some of them-- You might hear them complain we don't pay them quick enough because we want to make sure they send the required information.

SENATOR RICE: Just make sure that, through the Chair-- It can go through the Chair, but keep in mind I'm a Chair of a Joint Committee. Just send it to me as well as the Chair, so I don't have to wait for the process.

I'm going to just leave it at that for now, because I know we're going to be talking some more because you will be coming before the Joint Committee on Public Schools. I will suspect that at that time, the affirmative action person that you hired will be willing to talk.

MS. FRANZINI: Sure.

SENATOR RICE: I'm glad to see that he's an African-American. But I always raise the question, why do black folks always have to look at affirmative action and women, why can't we pass bonds -- a little diversity? But I'm glad he has a job.

MS. FRANZINI: I like to have diversity. I'm diverse. (laughter)

SENATOR RICE: I know. But you did all right.

ASSEMBLYMAN STANLEY: Assemblyman Malone.

ASSEMBLYMAN MALONE: Thank you very much, Mr. Chairman.

Just a few questions.

Caren, I don't know if it's possible, and Assemblyman Doria brought this issue up about getting some way of quantifying the amount -- if

we go to this community center school-- I mean, I think that is going to be-- And that was one of the issues I think we originally discussed in the original piece of legislation -- the project creep and the amount of money that will be necessary to incorporate the community aspect of this. This is something, I think, that everybody ought to go into with their eyes wide open that they don't think, "Oh my god," afterwards it's another \$5 billion we've got to go into the school construction project.

So, it's not a small amount of money. It can be a significant amount of money given the totality of work that needs to be done across the state.

So, if there's some way, and I don't know if there is a way of doing that -- but if there is a way, somebody ought to be very cautious about, again, giving people to believe that these things will happen knowing the finances that we will incur.

MS. FRANZINI: Assemblyman, if I could just respond. As I said, I -- in my response-- It is definitely a physical issue. That's why we're encouraging, though, all the designs be done to have access to the schools. And then you're right, the inclusion of community features is important, but it's a cost item that we all have to go in with our eyes open. I concur with you.

ASSEMBLYMAN MALONE: The issue of preapprenticeship, and this is something-- Ann Freeman from the Department of Ed is here, who's been somebody I've worked with for a number of years on the apprenticeship--

The issue of preapprenticeship and the success of preapprenticeship and how you funded those programs, was that something that you did as a unique situation within the context of this legislation? How

did you do it, and what has been the success rate of preapprentices going into legitimate apprenticeship programs?

MS. FRANZINI: Two answers: The first is, how did we fund it? The public school -- not the public school -- but public--

**MARK LOHBAUER:** The law against discrimination.

MS. FRANZINI: The law against discrimination requires that if you do -- the public sector does a project and we fail to have women and minority -- a percentage on the jobs -- we have to put money into a fund that equates to one-half of 1 percent of the total project cost.

ASSEMBLYMAN MALONE: Okay. The set-aside funds for minorities and women.

MS. FRANZINI: Right. Our feeling is, why wait and put the money at the end? Let's put the money at the very beginning before we fail and do something about it in a proactive fashion.

The key to it, and one of the reasons we wanted to bring Gerry Murphy on board, to be quite honest, is our biggest concern would be to have a preapprenticeship program and the people who graduate have no place to go.

Gerry's responsibility is to ensure that we make the marriages with the apprenticeship program. He is going across the state to make sure we have those marriages in place so as people graduate, they're going into the apprenticeship programs.

ASSEMBLYMAN MALONE: Okay. So you, in essence, are finding full-time apprenticable occupations for these individuals who are graduating from that preapprenticeship program. Is that--



MS. FRANZINI: The program has not yet begun. What we did is the Department of Labor issued requests for proposals. We have four pilots. I believe they let one contract -- and they have around 15 proposals right now they're reviewing. So the program is just beginning.

ASSEMBLYMAN MALONE: What would be the magnitude of those programs -- dollar amount?

MS. FRANZINI: Dollar amount-- The total -- if you take one-half of 1 percent -- if you assume there is \$6 billion of Abbott-- We're assuming over 10 years, the maximum amount would be \$30 million.

ASSEMBLYMAN MALONE: Okay. Given the fact that the county vocational schools already have programs in place that could probably be modified without doing RFPs to any extensive degree, I probably would think that they would be probably number one most cost effective and efficient -- have the facilities in place, have the staff in place.

If you can go send an individual to one of the county vocational schools at a pittance compared to sending him to a proprietary school or some other place, you can be saving gross amounts of money in those training programs. So I would urge that before you go-- It's very much like the workforce investment board individuals. We'll send them to proprietary schools and spend \$10,000 or \$15,000 and not look at some of the county facilities that offer it for one-tenth of that cost.

So, I would be very concerned that those areas be given the opportunity, not through a gross RFP because they all have established apprenticeship programs in place. They could modify those rather quickly to accommodate the needs of individuals. So, I would urge that you do that.

MS. FRANZINI: We will.

ASSEMBLYMAN MALONE: The next issue was one that-- I had an opportunity to speak to individuals regarding the security and alarm situation, not just because of 9/11, but in addition to 9/11. School districts now have gone through elaborate pains to come up with security procedures, security devices. Is this something, given the requirements for health and safety now-- And the concern I have is having individuals capable of making these kinds of installations, having properly trained individuals come in and make safety analyses. I think we've been doing this sort of by the seat of our pants.

Might there be funds available, given all that we talked about with homeland security, to maybe get involved in training programs for security and alarm systems and getting individuals trained in those areas?

MS. FRANZINI: I think it's a great idea. It's something we have not looked into, but definitely we will get back to you on that, too.

ASSEMBLYMAN MALONE: I can't think of a school district that I represented or been involved with that is not going through some extensive looking at their safety and security and alarms and cameras and everything else to protect the facilities and protect the children.

MS. FRANZINI: One thing we are doing is, through the facilities committee, is that there is a subcommittee on technology. And what we're tying into technology is security, because as you design the technology of the building, you're designing the security systems. We're in the process right now with several school districts where-- Their feeling is, "We want to have a centralized system," especially in the larger Abbott districts where they may

have five, ten, fifteen, forty schools. They want to tie in all the schools through technology -- there's a handle in security.

So, you're right. It's an issue in terms of design. We don't want to have to recreate the wheel Every time we go into a district, which is why we're having a separate committee focus on that and bringing some experts in to figure out the best way to get it done. We don't have an answer today on it, but it's an issue that definitely needs to be addressed.

ASSEMBLYMAN MALONE: I would very much like to -- because I think there's some security experts that might be available--

MS. FRANZINI: That would be great.

ASSEMBLYMAN MALONE: --that are willing to sit down. As a matter of fact, they just had this conversation Monday with two companies that are very concerned about this issue and are willing to lend their expertise, the Association's expertise, in getting together and promoting these kinds of concerns, because I think it's something that should be integrated into any kind of health and safety aspects of the school district at this point. There's no sense of trying to retrofit security and safety in schools. It's very much similar to the technology of the Internet and cable and everything else.

MS. FRANZINI: Absolutely.

ASSEMBLYMAN MALONE: Mr. Chairman, thank you very much.

ASSEMBLYMAN DORIA: Thank you.

Are there any other--

I have one or two questions that maybe I can follow-up on.

We had asked the Commissioner for a flow chart or a decision tree on how decisions are made. It would be good to see if you have -- and if they match.

MS. FRANZINI: Yes.

ASSEMBLYMAN DORIA: I think that's important. It's important for us to get, also -- and also to see how Mr. McNeill, who is going to be taking over -- where he fits in and when will he have-- As soon as he comes in on August 19, will he take over direct responsibility and be the sign-off immediately or will he have to, at least, learn something?

MS. FRANZINI: He'll have to learn something. In fact, we're going to meet with him before he officially starts any-- I'm in constant conversation with him.

There are a myriad of issues, and he needs to be brought up to speed.

ASSEMBLYMAN DORIA: Obviously.

MS. FRANZINI: And I'm not leaving-- I'm not going to walk away August 20 and say, I'm not going to be involved and helpful. There's obviously going to be a tremendous working together. EDA is still going to offer back office operations, a lot of support to the school program. I'm personally going to be working hand in hand with Al McNeill on a lot of the issues. He's going to want to spend a lot of time meeting with people and hearing the issues himself, personally.

ASSEMBLYMAN DORIA: So the people that you just pointed out to us earlier will all basically move, en masse, from EDA to the separate

corporation, which will be part of EDA and will be there in place when Mr. McNeill comes in.

MS. FRANZINI: Right. Exactly. What we did do is actually created a separate office building for them in Trenton, so everyone is together now. They've been doing that since about January.

ASSEMBLYMAN DORIA: Where is that located.

MS. FRANZINI: Across the street from our building, One West State Street.

ASSEMBLYMAN DORIA: Okay.

MS. FRANZINI: Where the First Union Bank office -- first floor. It's part of our economic development activities. We renovated vacant office space -- workers to downtown Trenton.

The other thing is that we need to hire more people. So, the 68 people, I will tell you, personally speaking, have done, I believe, a yeoman's job for a small group. We need more people to help them. So, he will be bringing on additional staff to the program.

ASSEMBLYMAN DORIA: So, what will happen then is he will phase himself in, but we're not going to have a hold-up because he's going to learn what he has to do, and then he can't sign off until he knows.

MS. FRANZINI: No. I will be signing and taking that responsibility until he's--

ASSEMBLYMAN DORIA: Until he feels comfortable he can do that.

MS. FRANZINI: The Governor made it very clear to me and to him that he's not skipping a beat and he wants it to happen. So, we're going to work hand in hand to ensure that.

ASSEMBLYMAN DORIA: So, we're not going to have a lengthy transition which results in things slowing down.

MS. FRANZINI: No. I will be very much involved, as I have been, in a more heightened fashion, but continue to work with -- when Al comes on board.

ASSEMBLYMAN DORIA: That's important. You will give us the flow chart probably to reflect the new reality after he comes in so that we can--

MS. FRANZINI: We'll have a before and after.

ASSEMBLYMAN DORIA: One of the questions that I've never been clear about, and maybe I can ask you here, is the staff that works on these projects is being paid out of the bond money that has been created so that they all are basically staff being used specifically for projects. And thus, the funding for this entire operation is coming out of the money that the Legislature set aside for the construction?

MS. FRANZINI: That's correct, Chairman. I -- very sensitive to ensure that we separate the accounting for the EDA Economic Development people because we're self-sufficient. We do not rely on any State revenues to operate. The school program has no revenues other than the bond funds. So they are paid -- and all those people that work on school -- are paid out of that fund.

ASSEMBLYMAN DORIA: Out of the bond fund.

MS. FRANZINI: Yes.

ASSEMBLYMAN DORIA: It's important, I think, for everybody to understand that that's how that was created. But I think to restate it is good for all of us to understand.

Any other questions from any--

Yes, Senator.

SENATOR RICE: Number one, we talk about the many protection mechanisms. And I'm not sure the Attorney General (indiscernible) another meeting. But I'm really concerned about too much review. Sometimes we can go beyond it. It's like regulating. We can overregulate, and it has no benefit, or we can overreview and it has no benefit. Look, either somebody's going to steal something or get locked up -- they're not. So, being law enforcement -- I don't need a cop overseeing a cop overseeing a cop.

I need you to identify that process in terms of the protection mechanisms. I need that in writing, number one, as you send it to the floor shop. But maybe you can kind of give us a summary now because you alluded to it in your reading before.

I'd just like to know what the role-- In other words, once you approve something, where's it at next? Does it have to go to the Attorney General?

MS. FRANZINI: There's two different oversight rules. One is the office of the Inspector General, which I know they have a new name, but I will continue to call them OIG for a moment.

The office of the Inspector General does all the reviews before contractors or consultants get qualified to be on our list to do business with us. They do all of that review of all the contractors beforehand. Once we go out

to bid before we award a contract, the Attorney General's office reviews that contract to ensure that what we're signing is what we bid for, that all the pieces are together. So, they're doing a legal review of the contract before I sign it.

SENATOR RICE: So, the Inspector General, for lack of another name now -- they're really investigating. They're doing a background check. That's what you're really looking at. Now, how far is that background check? Do you have any idea?

MS. FRANZINI: I think it's best for the Inspector General's office to-- I'm not sure of their exact procedures. All I know is I'm very--

SENATOR RICE: Are they here today?

ASSEMBLYMAN DORIA: Unfortunately, Senator, we had requested them to be here, but the individual who is the responsible authority in the Office of Government Integrity could not be here -- is on vacation. But what we will do, Senator, is we will invite that individual as soon as possible -- the next possible meeting to get some information from them, because that is a very important issue here because they do serve a dual role here. One is, basically, to investigate the backgrounds of those people who are going to be the providers of service. And then they review the contracts, as most attorneys do, to see that the contracts are appropriate.

MS. FRANZINI: If I can, Chair--

ASSEMBLYMAN DORIA: We have somebody from the Attorney General's Office?

MS. FRANZINI: The Office of Fiscal--

UNIDENTIFIED SPEAKER FROM AUDIENCE: (indiscernible)



ASSEMBLYMAN DORIA: Well, maybe right after Caren, we can ask him to come up. There was somebody here. We thought that they weren't able to be here. That's good.

UNIDENTIFIED SPEAKER FROM AUDIENCE: (indiscernible)

ASSEMBLYMAN DORIA: Okay. We will follow up with them. Thank you.

Senator, we will have them come up next.

SENATOR RICE: Okay. Then I will raise those questions with the authority.

Your process-- Well, you're changing some things anyway in terms of expediting. And that's mostly in the design area and things like that. I mean, you will get back to us -- someone needs to get back to us with the recommended potential number for emergencies because that's where the problem is.

I went through it with Irvington on the roof. Willie White (phonetic spelling) is a contractor -- minority -- could have done that roof a long time ago. He's been doing them -- been approved. And I think Irvington had to lay out some money because we had no choice.

I can't really see us--

Well, let me ask you a question. To your knowledge, in the school districts throughout the state, how many schools that you're aware of are going to open up in September with contractors going in and fixing things like roofs and boilers that should have been done that were signed off earlier and just getting approved? Are you aware of any?

MS. FRANZINI: There's going to be a number of schools -- over 100 schools that we're going to have contractors in--

Don, am I correct?

**D O N A L D M O O R E:** Sure. Absolutely.

MS. FRANZINI: --that we're going to have contractors working.

However, through Donald's group, we ensure we meet with the superintendent, with the facilities people of the district, with the principal of that school and coordinate the contractor's schedule to ensure the contractors, if need be, are not there when the children are there. Safety is our utmost concern when we're working on schools during school session. So we'll work at nighttime and weekends. But safety is critical.

Donald, I don't know if you want to comment on that at all.

MR. MOORE: Sure.

As Caren said, safety is very critical. What will happen with the projects once school starts-- We've already discussed with the principals, discussed with the school districts to make sure we receive some type of agreement from them that they're okay with us working in the evening in some cases. Sometimes it's evening work. Sometimes there's weekend work that we'll have to employ in order to get this work done while the students are there, while the school is in session.

SENATOR RICE: The reason I raised it is because in our district, we're going through that. Last year, the boiler before-- I'm just concerned because one time we complained EDA-- Nothing was being approved -- just mess up. Then, all of a sudden, you started to get good reviews. EDA is starting to work with us. They're approving things now. We know the

approval time is okay because we would have the roof done long before September rolls around.

September roll around -- Assembly member -- in Irvington-- Now, all of a sudden, the roof is not there. "Well you were approved." "Yes, but we were approved over here but not over here."

I'm trying to identify that barrier. Is that barrier in your office, or is that with this integrity group here who lacks maybe integrity in moving the process?

MS. FRANZINI: No. The integrity group very much is on the forefront of the project, before we, prequalify firms.

SENATOR RICE: And is the Attorney General? Is that the problem?

MS. FRANZINI: You know what? I think there's many groups working together. And we needed to come up to a point where we each get our activity-- Part of it is us. When I told you it was unacceptable from the time we awarded a contract to the time we had a contract in place was 110 days. That's unacceptable. That's why it took too long. So it was cut in half. It needs to be cut even further.

As I told you, a year ago, we rebid 93 percent of our work because we didn't have good bids.

SENATOR RICE: Caren, excuse me. I don't mean to cut you off.

MS. FRANZINI: Part of it is EDA and our process.

SENATOR RICE: I don't mean to cut you off, of course. You're a lovely lady. It sounds like you're defending.

I want to know, you cut it in half. How did you cut it in half? Part of it was your problem. What was your problem, because if part of it was your problem -- that's past tense -- you resolve your problem--

Look, don't be afraid. Just because the Attorney General investigated about it, don't be ashamed to say part of it's the Attorney General. We'll talk to him. Where are the problems, because we have to know right now?

MS. FRANZINI: Part of the problem is that there are so many State agencies involved, and so, through the executive order, two things occurred. One is the creation of the Board. All of them are board members. Two is that we want to collocate some of the people at our offices that will be very much helpful. So you have someone from the Attorney General's Office sitting in EDA's office. Someone from the Department of Education has to approve it rather than waiting for E-mails and meetings and missed meetings and missed E-mails and telephone-- They're sitting right there next to us.

The Department of Community Affairs, which you'll hear from later -- very critical part -- to work closer with them-- So, part of it was there were so many elements that no one was in charge also of saying when they get all done.

The Governor's made it very clear, one, his office is also a seat on the Board and that his office is very much concerned about the coordination. And two, we're now talking to each other and getting it done, and it wasn't happening before. I will sit here and tell you that.

So, there are many entities that have to approve things. And what we need to do is make them work better together.

SENATOR RICE: Well, do we make them work better together or do we cut down some of the people that have to do the approval, period, and put the checks and balances in one or two people's hands.

See, my point is that it doesn't make any sense having 100 people signed off just because someone (indiscernible) the Department touched it. Even things that go to the Governor's Office get bogged down with those young guys over there. I mean, they've got to approve everything. That doesn't make any sense. I'm being honest. That's the way I speak.

Please do this, through the Chair. I'm asking you so nobody can get offended -- the Governor said no -- then send me a note saying the Governor said no. Send us, through the Chair, a list of areas where you think that end of the process has been bogged down and what you have done to, at least, correct your piece. See, to say it's better does not tell me how it became better. It could have been accidental. I would like to think it's not accidental.

So, give us the formula that you perceive-- Someone else may have a different formula, and that's okay.

MS. FRANZINI: Okay.

SENATOR RICE: We're not going to wait until someone decides to move (indiscernible) and come to the table. I'm not so sure if all these agencies really have to sign off on a lot of things. That's like saying we don't trust anybody in government. We don't trust anybody out there.

Well, you know what? Everybody's been corrupted in this state over the years: contractors, religious people, lawyers, government people, you name it. It's America. We can check things today without having everybody signing off because what makes us trust all the people signing off. They all

might be in the same basket. Okay? So we've got the wrong people signing off.

I mean, you bring me people in from-- You talk about whatever this unit is called. I would suspect that there is no background check on Turner Construction because they've been around so long. But yet, minorities and women have to go through four-way checks. I need to know more about that. I need to know just what the four-way checks are, because I told them before, if I'm a sole proprietor and I've got three painters, it doesn't take much to know I'm black. I don't need no 1040s. I don't need all that crap there. That's why I got that building. Now, it's different when you've got a Turner Construction. You've got to see who's fronting and who's doing that.

It's obvious. You want to know who a woman is, just get another lady to take them in the bathroom. I'm being honest. We've got these processes that deny a minority opportunities, but yet we have to be discriminated against in a nice, kind way with four checks. You going to give me a four-way check, then give the white person a four-way check or the nonminority. If you can't find the criteria to fit them, I'll make up one just so they can go through the same frustration and take just as long to get approved. I'm being honest.

MS. FRANZINI: I agree.

SENATOR RICE: And my colleagues need to understand what they are saying. Women and minorities have to get a four-way check because you've got to prove I'm black. Whites can't front. If you're white -- run a white company, you aren't fronting. Well, you may be doing some other

things. And maybe we should do another check on the backgrounds -- the family relationships there. I don't know.

But there's no way we're going to have minorities and women doing four-way checks -- at least four steps and everybody else three. Three for my colleagues who don't look like me -- three for me. When we get elected-- Well, I don't know what the voters do. Maybe I do get three or four.  
(laughter)

Anyway, would you make sure we get that. I'm being honest with this, now. Okay? I'm saying it publically. I hope the press understands where I'm coming from because I want them to know I raised it.

MS. FRANZINI: I think I need to clarify my statement, as well. When I spoke earlier-- Every contractor that does business on public works has to have three approvals -- just so I make it clear. They register with the DPMC and Treasury to be classified as a contractor. They have to have a revenue certification from the Department of Treasury, and they have to have labor registration. Every contractor that does business on public works projects has to do all three.

The fourth one is through the Commerce Commission, where a woman, a minority, or small business has to get certified, as you're saying. I just want to make it clear I wasn't saying a four-way check. It was a four-step process to get approval to do business.

SENATOR RICE: And I'm going to tell you my concern. I know a guy who's a minority, who was always a minority in terms of a contractor. Because the unions did not like him, they had their friends in Labor, who are

no longer there, come after him. It cost him \$20,000 to prove that he was a minority. I have a problem with that.

I was there at the table. "You have to watch yourself, Senator. There may be a conflict." "I didn't come as a Senator. I came to watch you." -- I have a Jewish guy, Italian guy, and a Puerto Rican -- telling the guy from Angola he was not a minority. It cost \$20,000 for an attorney.

So, I'm concerned because most of this construction work, I'm telling you-- From our perspective, yes. From your perspective, yes. From the staff, yes. It's geared to do the right things, but to also make sure that there's equitable opportunities for everybody since we're spending the money.

MS. FRANZINI: Absolutely.

SENATOR RICE: That is not the intent of a lot of folks in key positions in this government and the one before and the one before. Ain't no use in me lying about that. And you all don't want me start calling names. I just want to make sure there's fairness in terms of our numbers, there's fairness in terms of where we live. I was going to ask you how many of your staff live in Pennsylvania. I'm not knocking that because you're on the line down here. But I was going to raise that, because I used to raise it when I was on Appropriations. We get in these boarder wars sometimes. I know South Jersey sometimes think they're in Pennsylvania anyway. (laughter)

MS. FRANZINI: No, we're just the better part of the state. That's all. (laughter)

ASSEMBLYMAN MALONE: Hey, wait a minute. Jack and I don't believe that, Senator.



SENATOR RICE: My point is that I want to make sure that in Essex County, in the City of Newark, City of Irvington, East Orange, Orange -- that those are people who have priorities, etc. -- don't say, "Well, you're a nice contractor, but the unions don't accept you. We can't prove you're a minority." "Well, I'm the only black guy in the company." "We still can't prove you're a minority." Well, you find a way to make that person work without having to go through the process for a year or two. You come from Jersey City -- Jersey City -- those communities should have it. So, local, to me, meant given a priority where feasible for the people -- just like the HUD Section Three Clause, where they reside, where their places of business happens to be. And if it's not in that city, then it's that county. It don't mean that someone can't subcontract and do other things.

MS. FRANZINI: Right.

SENATOR RICE: And if you're doing compliance and monitoring, that should be happening.

And I can say this to you -- and I'm going to end on this -- I will be calling you before the Joint Committee to give reports -- not written reports -- come in and give them to me in writing and then say it for the record. "Yes, I went out there and seen that. Yes, we've got that many from Newark now. Oh, yeah, the union's working with us now. They ain't cutting that guy who went to jail. Even though he can't read, he's got a job someplace." That's what we're talking about.

MS. FRANZINI: Okay.

SENATOR RICE: Thank you very much. You're such a lovely lady.

MS. FRANZINI: Thank you, Senator.

ASSEMBLYMAN DORIA: Thank you, Senator.

Assemblyman Stanley.

ASSEMBLYMAN STANLEY: Thank you, Mr. Chairman.

We spoke a little bit about land acquisition before, and there's a number of issues that come up. A group from Newark came yesterday and talked about that Block 1968. I'm sure you're well aware of that block.

MS. FRANZINI: I know it. I've been there. That will be-- We'll have an offer in September on Block 1964 -- 68 sorry.

ASSEMBLYMAN STANLEY: Oh, all right. For a second--

ASSEMBLYMAN DORIA: It's a good year, '68.

MS. FRANZINI: Yes, 68.

ASSEMBLYMAN STANLEY: And the other thing-- Another issue is-- Well, how are we with the land acquisition process itself? But the other specific issue was one of Essex County -- a Vo-Tec building where we've been kind of waiting for an appraiser and then an offer to the county. We want to-- If we can expedite that along, we can, of course, save money because they're leasing the building now.

MS. FRANZINI: So in terms of Block 1968, we will-- We did the environmental investigation. That's been completed this month. Predesign work has been done. We will have an offer in September to the owner.

In terms of Irvington, it has been leased for two years as an elementary school. In order to purchase this -- and again this is in accordance with the Act -- we have to do an appraisal of the building and a site feasibility analysis. We have to do the analysis of the building before we buy a building

to ensure it makes sense to buy this building -- and it cost to renovate it rather than building a new school. That analysis is undergoing right now. So, soon, that analysis-- What we want to know, and what the district wants to know, and I think you want to know is, when you buy that building, if it has -- and I don't know -- but if it has a roof that's bad, has a boiler that's bad, has any environmental issues, we want to know it before we buy it, factor that into the improvements that need to be made, if any, and say, "Is it too much, or hey, it's right on course. It's makes sense. Let's go and buy the buildings." We just need some information. But we're moving forward with that.

ASSEMBLYMAN STANLEY: Thank you. I appreciate that.

That's the whole idea -- is that we need to be able to get these -- like for instance, a time frame that we've taken on that's probably been longer than you would even admit should be. When we look at these time frames and we look at the new procedures, are we conscious of things that, like-- For instance, you say that we were taking twice as long to -- from one point to another point. Are there other things that we can be doing concurrently as opposed to consecutively? I mean, how are we doing in terms of that in not only -- and I'd like you to answer that-- But the other thing is that we really need to -- what would be good is if we have -- and I think it's already been asked for -- but the actual flow chart of the way things are working right now -- the people that people need to be communicating with right now. I don't know that it's going to remain the same. I imagine there are going to be some changes with the new group, but at least for now, I think it would -- it's very important that we have that.

Can you respond?

MS. FRANZINI: I think a great example is on the acquisition issue and doing design work. We need more help from the districts to get it done because the land acquisition is too mammoth of a task for one State agency to do in a city like Jersey City, Newark, Elizabeth, where you have hundreds of parcels -- individual lots that need to get purchased.

So, while that is occurring, we can start our-- And we've started plotting this out, and Donald and his group have actually done the charts that while that work is being done by the district -- and we're all pretty much sure that site is the right site -- the community has bought into it, everyone wants it, it's Block 1968, there's no question -- why don't we start the architectural process of hiring the full-fledged architect that can take 90 days to do?

So, we're not getting the site acquired at the very end and then start a process that we move that up. So it's those kinds of flow charts that we are actually working on right now and getting some feedback from the districts. What can we do together? What can we do simultaneously so one's not waiting for the other? By bringing them in, early on, in predevelopment is the way to go and what's needed to get done to get the work done right.

ASSEMBLYMAN STANLEY: Thank you.

And on the lines of affirmative action, I don't want to beat a dead horse anymore. (laughter) You can never beat that dead horse too much, right, Senator?

SENATOR RICE: That's right.

ASSEMBLYMAN STANLEY: Do we have-- Are there requirements in our bidding process and in our labor process?

MS. FRANZINI: Yes.

ASSEMBLYMAN STANLEY: Okay. And there are specific requirements. And as the Senator said, they're being enforced, etc.

MS. FRANZINI: In fact, before we award a contract, one of Dan's -- who's offices responsibility is to review that information to see where the minority participation is-- If there's not the minority participation at or greater than the State's requirements, Dan actually works with Donald's group to ensure that a contractor has done everything it has -- introduces them or tells them about those firms that are prequalified to do different parts of the work. So, it's a very proactive position that we take.

ASSEMBLYMAN STANLEY: Thank you very much.

I also wanted to commend Assemblyman Malone on his affirmative action for the safety and the security issue with the folks you know. That's affirmative action too that you demonstrated here a little earlier.  
(laughter)

ASSEMBLYMAN MALONE: Thank you.

ASSEMBLYMAN DORIA: Assemblyman Diegnan.

ASSEMBLYMAN DIEGNAN: I promise to be brief. I know it's late. I'm a little confused, which I'm accustomed to, by the way.

Hypothetically, let's say tomorrow there was identified a parcel in Newark instead of 1968. Let's make it 1970. Two part question: Number one, what would happen today if, in fact, that parcel was identified? And will this process change under the new entity that's going to take place? Specifically, I'd like to know, do you, for each project, reinvent the wheel? In other words, do you go out and bid -- do the three or four requests for proposals from an environmental specialist, an engineer, an appraiser? You

don't have people on staff? Each project is a new project with the whole process starting over?

MS. FRANZINI: That's a great question. In fact, in the Governor's executive order, what it instructs us to do is to look at forming term contracts so that we actually, rather than hiring, every time, a new firm to go and do a site analysis or site review, to actually have one firm -- several firms you can go to and ask them to submit prices. One of the things we're looking into is developing term contracts.

Certain services you need to go out individually. And it doesn't take a very long time to bid, but an appraiser-- Appraisal is one of the most critical pieces to ensure we have an MAI appraisal -- an appraiser that's familiar with the Essex County, Hudson County area -- much different appraiser than I'm going to use in Cumberland County.

So, we have a listing of MIA approved appraisers that is done by region. We go to those firms and say, "What's your price? What's your time frame?" That's the quick process. And the process that has been slower is on the site investigation. (indiscernible) I will tell you, has been a much slower process. We want to get the districts more involved that they can do initial site analysis work. It's taking us too long to do some of that work. We believe that the processes that exist today can be shortened and streamlined by bringing the districts in early on and having them do some of the work.

There's a 15-point checklist that has to be done before we acquire the site that's in the Department of Education regulations. What we're looking to do is how many of those 15 points the districts can do versus us doing.

ASSEMBLYMAN DIEGNAN: But hypothetically -- because everybody else seems to have a warm feeling about this. I really don't. I mean, I do this for a living. If, in private industry, it took folks this long to acquire a piece of property, they'd be out of business in about a month and a half.

First of all, you've got a hammer that nobody else has. You've got the hammer of eminent domain, which, in private industry, you do not. If that Lot 1970 was identified today without the generalization that it would take far too long, how long would it take you, going through all of these steps -- so we identified a parcel that's appropriate for a middle school in Newark-- The community input says this is the right spot. You know that a developer is ready to gobble it up, which, in this particular parcel, I think, is happening. You would have to, first, go out and do requests for proposals from an appraiser.

MS. FRANZINI: We have a standard form that we send out that's a letter form. And we send it out, and we get a weeks time to get the responses or go with the lowest bidder. It takes all of a week to select--

ASSEMBLYMAN DIEGNAN: So, it takes just one week to award that contract. It's actually awarded in a week, or you get the requests within a week?

MS. FRANZINI: We get the requests responded in a week and just have to sign the contract. But they're all-- Those contracts are all in place already.

ASSEMBLYMAN DIEGNAN: So they don't have to be reviewed by the Attorney General or any of these background checks or any of that kind of stuff on those.

MS. FRANZINI: No, it's all standard.

ASSEMBLYMAN DIEGNAN: How about the environmental aspect of it? How long does that take?

MS. FRANZINI: The environmental-- It all depends on how dirty the site is. It's the site investigation work--

ASSEMBLYMAN DIEGNAN: Well, a Phase I, how long does that take?

MS. FRANZINI: A Phase I can take anywhere, as you know, between 60 to 90 days, depending on the complexity of the--

ASSEMBLYMAN DIEGNAN: But you have to do this same thing. You have to go out -- requests for proposals -- award to the lowest bidder.

MS. FRANZINI: If the work-- What we strategize are our procurements such that if the work is below a certain threshold, we just, again, send out a letter request to three firms asking for their bids.

But again, Assemblyman, what the Governor has set forth is how can we streamline the process -- exactly what we were talking about -- and just have term contracts set up for the number of engineering firms.

ASSEMBLYMAN DIEGNAN: You're a very nice person. Obviously, you know your job. But you've got to streamline this thing. I mean, this is ridiculous.

In the process you're talking about, in the best case scenario, it's going to take you a year to get this process done. It's usually done in three or four months. I mean, you reinvent the wheel in every particular one. I hope this new process-- And I know you were burdened with something without



guidelines, and you have to create the wheel and all the rest, but there's got to be a better way. I mean, I can understand the frustration in that Newark situation. And it's not your fault. I'm not blaming you. But there's got to be a better way.

MS. FRANZINI: Assemblyman, I agree with you. And we're looking-- The acquisition process, I stated earlier, is a process that we're not satisfied with. We're working to--

ASSEMBLYMAN DORIA: Yes, Assemblyman Malone.

ASSEMBLYMAN MALONE: The local permits, county permits, and DEP permits, has that been a stumbling block in getting projects off the ground? I know of a couple that I've been involved with where the DEP held up the project for over a year just on some water issues.

Have you run into DEP and local whatever?

MS. FRANZINI: DEP, actually-- We're working with the Department. We have one person -- two people assigned to work with us full-time only on school acquisition and on site and environmental issues. So, by having two people-- And what they do is they coordinate all the other departments within DEP.

Actually, they've been very helpful to us. It has not been an issue in terms of getting DEP cooperation.

ASSEMBLYMAN MALONE: Has there been any problem with local permits in holding up projects or any kind of turf wars that you--

MS. FRANZINI: The Department of Community Affairs -- we do all of our permitting through them. They've been very helpful.

MR. MOORE: Very supportive.

MS. FRANZINI: Bill Connolly is shy.

ASSEMBLYMAN MALONE: This is my last question. This goes back to the Commissioner of Education.

ASSEMBLYMAN DORIA: Do you have your microphone on?

ASSEMBLYMAN MALONE: Do you have a standing working committee of somebody from your office, the DEP -- DOE -- Community Affairs that meets on a regular basis to try to work out these knots that come up all the time? Who is on these working committees between the three entities?

MS. FRANZINI: What we do is we do meet. We're on the phone often, probably on a daily basis, with the DOE, the DCA, and the Division of Law in the Attorney General's Office on issues that come up that didn't come up the day before and working-- We're pulling conference calls all the time to work on it.

We're also working -- and through this new facilities committee, as well -- what structural issues can we make overall in terms of the program and how we work and operate together. So, that has been a more recent phenomenon.

We actually brought DCA in to train our staff so when they send things over -- this is the way DCA wants it, the form they want it in. It's been very helpful to ensure that we -- we're sending things over and we're not getting good feedback -- let's come in and meet together -- tell our guys -- tell our professionals how it should be done. And we've set up those meetings where we've hit a snag -- then meet to figure out how to improve on it.

ASSEMBLYMAN MALONE: Thank you very much, Mr. Chairman.

ASSEMBLYMAN DORIA: Thank you.

Questions?

Assemblyman Stanley.

ASSEMBLYMAN STANLEY: Thank you.

It's probably more of a request than a question.

One is that we've got to run, when, in the spring?

One thing I would like to do -- or one thing I would like to see is ground broken in the spring on some schools -- on some new schools in Irvington and in Newark. That's one thing that I'd like to see. Okay?

ASSEMBLYMAN HECK: Just concentrate on those areas.

(laughter)

ASSEMBLYMAN STANLEY: Well, you make your own requests. Okay? I'm talking about my district right now. (laughter)

MS. FRANZINI: I guess West New York and Union don't count, right? (laughter)

ASSEMBLYMAN DORIA: Assemblyman Stanley is speaking for himself and Senator Rice.

ASSEMBLYMAN STANLEY: Belleville and Bloomfield, also, by the way.

The other thing-- The reason I say that is because we can talk about how great we're going to do this thing -- and made a tremendous point. We can talk about this thing, but the proof is in the ground and with the kids going to school.

Let's see, I worked this out -- 2005-- That's the next time we run, right?

ASSEMBLYMAN DORIA: It's 2003.

ASSEMBLYMAN STANLEY: Spring 2003 and then September 2005.

When we put those kinds of time frames on things and we actually achieve them, that's the proof.

The other thing that I would like to request -- I'm not asking for too much -- is a monthly report on where we are on projects. Is that possible, a monthly report of where we are? How many projects are there? It's not like 100,000 projects. How many projects are we talking about, total, like new school construction and health and safety?

MS. FRANZINI: Right now we have-- The summary chart that you have-- We actually are working on it, Assemblyman. I think it's a great suggestion. That summary chart that you have is to break it out by school district so you can see exactly all those areas -- what's happening per school. So, we're actually looking to make our Web site so people can see that information and understand it. And we, through the Chair, look to make that report available.

ASSEMBLYMAN DORIA: That would be very helpful. If you could do it through out staff -- through Kathy -- it would be very, very helpful for us to get that.

ASSEMBLYMAN STANLEY: Absolutely, because one thing we found when I really had a job -- I'm just kidding -- when I worked in corporate-- We found that once we came out with the work in progress report

that we saw on a daily basis -- not on a weekly or monthly, but on a daily basis -- we got our average processing time down tremendously because it was just so obvious how long we were taking.

So if we could get those things, Mr. Chairman, I think we'd be on the way. Of course, it would go to the Joint Committee on Public Schools from probably more of a statutory commitment and obligation.

Thank you.

ASSEMBLYMAN DORIA: Thank you.

I just want to thank Caren. I want to thank you and your staff. We appreciate your time. We appreciate your commitment and the work that you have done to expedite the process. We obviously look forward to having the opportunity to have you come in again sometime in the fall to have further discussions once Mr. McNeill comes -- for him to come also. But we thank you very much for taking the time to be here today and for being as cooperative as you have been.

Thank you.

MS. FRANZINI: Thank you, Chairman.

Thank you, Committee. I look forward to getting the results that you all want and we do, too.

Thank you.

ASSEMBLYMAN DORIA: Thank you.

We have three more witnesses that we expect to bring up. We have here-- We'll bring up the Department of Community Affairs and the Attorney General. And I want to bring up one speaker who didn't make it yesterday.

We have, from the Department of Community Affairs, Bill Connolly, the Director, the Division of Codes and Standards.

Bill.

**WILLIAM M. CONNOLLY:** Mr. Chairman, thank you.

I'm feeling a little bit like Tail-End Charlie.

ASSEMBLYMAN DORIA: We thank you for your patience for waiting. I'm sure you've learned as much as we have.

MR. CONNOLLY: I certainly have.

I've been Tail-End Charlie a good deal longer than Senator Rice has been sitting in this Legislature. I'm 29 years now with the State government, and I usually come up last.

The Department of Community Affairs role here is that we're the building inspector. The reason that we're the building inspector is the Uniform Construction Code Act provides that when the State undertakes construction, the Department of Community Affairs serves as the building inspector -- does everything a local building inspector does.

Our mission here is very simple. It's to make sure that all of these facilities are done in full compliance with our very high health and safety standards that are incorporated in our State's construction code and that all the work is done to the level of quality that code demands.

Second, and equally important -- that we don't become part of the critical path. There is absolutely no reason why good code enforcement has to slow down or encumber the progress of the work. That's our second major objective.

Governor McGreevey and Commissioner Levin took steps in the opening days of their administration to ensure that we would be ready for the challenge. I'm happy to report that we are. We're staffed to meet this workload that's coming up. We have contingency plans in place to deploy a great deal of extra staff during peak workload periods like the one we're going to have in late August and early September, when a lot of these jobs are being finished just before school opens. And it's a management priority for us, to make sure that we never get in the way, but at the same time, make sure these buildings are everything that they should be.

For example, at the end of last summer, the EDA put in place 300 temporary classroom units at 60 or 70 different locations all at once -- required us to do inspections night and day all through the Labor Day weekend. And we deployed all of the people we needed to do that so that we could respond when contractors call for inspection within an hour or so. And if they failed -- that we could respond to a call for a reinspection in another hour or so to make sure we can get all of these jobs open on time. And that is our approach to this task.

As you know, as we heard today, this law is a difficult one. It was initially implemented in a climate of distrust for the very people it was intended to help. In the last six months, that climate has changed tremendously and dramatically.

I think what the Economic Development Authority was asked to do was build a ship at sea. And they have now done that. I'm happy to report to you that we -- we're the last step in the process. We're the people that see it just before the shovel goes into the ground. And we have seen 380 health

and safety projects now that have reached our point. Almost one-third of them in the month of June -- tremendous rising tide of activity in this program. We have seen the plans for eight new buildings, five of them within the last three weeks. The crest of this wave is breaking, and we're ready.

I don't want to take any more of your time. But if you have some questions about how our part of it works, I'd be only too happy to answer.

ASSEMBLYMAN DORIA: My question is the clarification. You review the plans prior to and then do the inspections afterwards? You do both ends, prior to and afterwards?

MR. CONNOLLY: Yes, we review the plans just before construction starts. And we do the inspections through the construction process.

ASSEMBLYMAN DORIA: So you basically perform the duties that the building department would within the municipality to review the plans to determine that they meet all the health and safety and fire requirements. And then your people inspect afterwards.

MR. CONNOLLY: That's correct.

ASSEMBLYMAN DORIA: Let me ask this question. Why is it necessary for the Department of Community Affairs to do that rather than the local municipal building departments?

MR. CONNOLLY: The short answer is because that's what the law requires. The long answer is because-- There's two parts. One, it really makes sense to have a State agency regulate other State agencies. In our experience, local building departments in the past didn't do too well with that because they showed just a little too much deference to the State.



Second, and equally important, it's our urban building departments, the ones that are typically representative of the Abbott schools, that are the most stressed in terms of their ability to be staffed up and get the work out for all of the reasons that we know that we have in delivering urban services. They have a particular problem with school work because in our wisdom, we have provided that school boards pay no fees. So, when you lay a big job like this on an already stretched urban building department, they're not able to respond rapidly in the way that they would. The same is not true. State agencies pay us fees. So, we're adequately staffed.

ASSEMBLYMAN DORIA: So, what's happening here is in the Abbott districts, you do all the prereview of plans and then the inspections for the reasons that you presented, which are logical, and then in the non-Abbott districts where it's 40 percent, they do it themselves -- local authorities.

MR. CONNOLLY: And likewise with the under \$500,000 jobs, where the local district is administering the jobs, the permits would be issued locally.

ASSEMBLYMAN DORIA: Permits issued locally and the inspections done locally.

Now, it's important to understand, and I think you brought up an important point, that when school construction jobs do take place, that there are no permit fees required from the school boards, and thus, the local municipality, many times, is overburdened and sometimes stretched beyond capacity.

MR. CONNOLLY: Urban building departments typically have difficulty covering their expenses because of the kinds of works that are kind

of renovation type work -- is more common as opposed to lots of new construction -- just doesn't pay for itself. Suburban building departments are much better funded because new construction pays a lot of fees.

ASSEMBLYMAN DORIA: Okay. Any questions from members of the Committee?

Yes, Senator.

SENATOR RICE: First of all, I just want to take it back. I know from experience, and I deal with this daily, we're not equipped with enough inspectors to do all the schools once we get started. I mean, we have so many housing units going. You're talking BOCA code people now. You're not really talking somewhat constrained. We couldn't do it.

And then I have a problem with some of the ones I have locally. But I have problems with some of the State ones, too, depending on who they send in there. But that's a piece that makes sense.

But the problem is-- You say you're getting more staff -- you have enough staff to respond right away because--

Mr. Chairman, the problem I raise from my understanding in your district with the person waiting to do work by the 31st -- was a permit problem.

ASSEMBLYMAN DORIA: No.

SENATOR RICE: But I'm hearing here that they process right away. That's why I asked the Commissioner -- I mean the Director to look into that.

MR. CONNOLLY: It's almost-- If you give me the details, I'll look into it. But it is almost certainly one incident we did have occur where

they were in Jersey City. Six permit applications were dropped off. They were processed the next day. People didn't come back and pick them up. My people are supposed to call them if they forget to come back and pick them up, and we neglected to do that.

But I think that, if you give me the details-- But I'll bet you that was the one because we are turning-- The health and safety are very easy to turn around very quickly. We are doing that.

SENATOR RICE: I'll let you know outside. Maybe it's (indiscernible).

ASSEMBLYMAN DORIA: He may have the answer for you, Senator. It might be the simple answer. (laughter)

Anyone else for Mr. Connolly?

Let me just say, my experience has been, working with the Department of Community Affairs and Mr. Connolly's department, that they do try to expedite and do a good job, just in general, not only specifically in this area. They work very hard. It's a difficult area because of the requirements of living up to the requirements of the BOCA code, as well as the fire prevention code and with the fire safety commission. We've created many more requirements that have to now be fulfilled at all levels. That's obviously created much more work.

Assemblyman Stanley.

ASSEMBLYMAN STANLEY: Thank you.

The way that this new organization works-- Is there going to be any change from your vantage point? Are you now going -- or is your -- or part of your organization going to move to this new corporation?

MR. CONNOLLY: No, the Governor did not indicate that.

Unlike the rest of the people in this process who are really struggling to do something very new and very large, we do this for a living. We do it all the time. Except for making sure that we're adequately staffed, which we are thanks to the support of the Governor and the Commissioner, we can do this.

ASSEMBLYMAN STANLEY: Thank you.

ASSEMBLYMAN DORIA: Anyone else for Director Connolly?

(no response)

Let me just say, as we all know who are involved with local government, this is an area that's very, very difficult and creates a lot of difficulty. Finding the people with the qualifications is another hard part of this -- to get the people who have the background and the qualifications.

MR. CONNOLLY: And there are 2700 licensed inspectors in this state. Every one of them got a personal letter from me. That's what it took to get enough people to come in to fill those vacancies that we have so we are adequately staffed.

SENATOR RICE: We lose them. Through you, Mr. Chairman, we lose them. Our problem has been--

ASSEMBLYMAN DORIA: Is the microphone on, Senator, so we can--

SENATOR RICE: Our problem has been we can't attract BOCA people to urban, including retired ones. Once you offer them a better location that's comfortable, we lose them. (laughter) So, we couldn't inspect-- In

Irvington, we don't even have anybody. The new mayor may be bringing people on. It's difficult to get.

Maybe that's the question I should raise because, traditionally, what's been happening is that local government has been trying to hire, even train if necessary, BOCA people.

Maybe your Department needs to look at the possibilities because we're talking education -- I chair Community Affairs, too -- but possibility of come up with State program that we actually have some incentive to train BOCA people with the understanding that they're going to work in some of these urban areas in particular. I'm not sure we have to go, but we're short-- I mean, it's a real bad situation because of that -- contractors that the Attorney General happens to be worrying about or shortchanging us on some of these projects. They look wonderful once they're completed, but we don't know what's totally under some of these laws.

ASSEMBLYMAN DORIA: We're not the State Government Committee. But I agree with you, Senator. Actually, they're not only shortchanging the school system, but if you look at some of the private homeowners, they're being shortchanged big time because there aren't enough inspectors. But that's another issue for another day.

But I agree with you, Senator.

MR. CONNOLLY: Thank you very much for the kind words, Mr. Chairman.

ASSEMBLYMAN DORIA: Thank you very much, Director.

We now have the Attorney General's Office. If you want to come up-- We weren't aware you were here.

And then, Art, we'll take you at the end. Sorry. Art, you're getting an education today, too.

**ARTHUR J. MAURICE:** This is like summer school. (laughter)

ASSEMBLYMAN DORIA: It was as long as any class you ever had.

Why don't you introduce yourselves?

**ASST. ATTY. GENERAL B. STEPHEN FINKEL ESQ.:**  
I'm Steve Finked from the Attorney General's Office.

With me is John Kennedy, who is actually in the Office of Governmental Integrity, which is where we house the Fiscal Integrity and School Construction Unit. John will try to answer the questions that Senator Rice had asked.

ASSEMBLYMAN DORIA: Senator Rice ran out, but maybe you could just tell us how you fit into-- Based upon what Caren Franzini just told us, you are the responsible entity for reviewing the qualifications of those contractors and professionals who provide services to the EDA in the construction process. Am I correct?

ASSISTANT ATTORNEY GENERAL FINKEL: That's correct. And John will give you all the details about exactly what they review and how they review it and where it fits into the process.

ASSEMBLYMAN DORIA: Why don't you do that, John.

**DEPUTY ATTY. GENERAL JOHN KENNEDY ESQ.:**  
Thank you, Mr. Chairman.

We review-- One of the very positive changes that this legislation made was it created the process of prequalification so the EDA would be able

to review the contractors before they go out to bid so that all of this work is done before the projects are bid. That way, it takes it out of slowing down any of the projects.

The statute sets out a list of items that EDA must consider when it prequalifies its contractors. Basically, they're all geared toward looking at the financial responsibility of the contractor, the moral integrity, and their capabilities to do the work that's going to be bid out.

EDA and DPMC together look at the capabilities and the financial capacity of contractors. What the Unit of Fiscal Integrity looks at are the moral integrity factors that go into the prequalification. We receive applications from all the contractors who are applying for prequalification. Since the beginning of the program, we received applications from 2390 applicants, and we have completed 2189. So, we are current in what is coming in.

Our review consists of doing exactly the same checks for every applicant initially. We access publicly available databases and New Jersey criminal histories on the applicants and on key members of the firms, the corporate officers, for example.

To give you some examples of what we checked, we checked the public debarment list -- not only New Jersey but also the New York City school construction administration, the state of Pennsylvania, the Casino Control Commission, debarment list. We checked for OSHA violations, Department of Labor violations, items like that to see if there are reasons why we need to examine that contractor any more closely.

If none of those checks turn up any red flags, we're finished. We sign off on the application and send it over to EDA. Typically, slightly more than half are closed at that point. On about 45 percent of the applicants, something came up -- some red flag came up during those checks. We then contact the applicant firm and ask them for explanations. And that generally resolves most of the questions that have come up.

Addressing, I guess, some of the concerns, and I'll also answer any questions--

ASSEMBLYMAN DORIA: Maybe I can just ask this question at this point. How many firms have actually been disbarred from participating of the 2003 -- and 100 and some odd -- that you said have already been reviewed?

DEPUTY ATTORNEY GENERAL KENNEDY: Approximately 82. From our shop, I can tell you we've recommended debarment on 82 firms. Our recommendations then go to EDA, because they're the ones who actually have to formally act on it because they're the contracting entity.

Of the 82, the overwhelming majority are because the firm lacks some prerequisite, something that Caren mentioned before. They don't have a Department of Labor certification that they need. Maybe they lack one of those things. In that case, we'll tell them there are no moral integrity bars, but they're lacking this. As soon as they get that required certification, they can proceed.

Fifteen out of that 82 were firms that we recommended debarment because of real concerns about their moral integrity. Those, for example, are contractors who have criminal convictions. We had some of the same



contractors who were mentioned in the SCI report of two years ago on public roofing abuses who have applied to this program.

Well, we've gone through that report. We've compiled a list of everyone in it. And we check it for every single applicant. Some of those people have admitted, in testimony in other cases, to attempting to defraud public contractors. For example, one of the applicants we did a new search on turned up testimony. He had testified at a Federal corruption hearing. We got that testimony. He had admitted in his testimony that he had defrauded the Ridgewood School district on a school roofing job. We recommend debarring him. Those are some of the types of problems that we look for.

Our role is focused on the screening the moral integrity of the contractors. No other government entity in this program is doing that. DPMC's review is focused on the fiscal capacity and their ability to do the job. That's not what we do. So, we're not duplicating the actions of any of the other actors in its program.

ASSEMBLYMAN DORIA: Thank you.

Any questions from the members of the Committee?

Senator.

SENATOR RICE: Yes, could you find a way to send us information, through the Chair, on the 82 that are not going to participate in the program -- you called it debarment, I call it elimination -- anyway -- but whatever reason-- Could you tell us how many of those are minority entities and women businesses? Do you have a way of identifying? Well, you should have. You did an investigation. You might have to go back over your paperwork, but believe me, you can tell.

Could you send that to us and, where you can, the reasons for all 82? See, what I'm trying to do is make sure that we don't have double standards in the process, because my life has been filled with double standards. You know, one cop shoots a guy and keeps his job and go into administrative. Another cop gets suspension and no pay.

I just want to make sure, as we monitor the program, we eliminate all the folks that are questionable as you indicated -- but that there's fairness in the process -- there are not dual standards. In your case, it's probably not, but I need to -- since everybody overlooking everybody, at least let me make sure that somebody didn't drop the ball because some of the reasons to have people disbarred, in my estimation -- particularly -- may not necessarily be reasons to disbar them. It may be from information on their check sheet. It has nothing to do with you. But we have to come back and say, "Well, we don't like this criteria for these reasons."

Do you follow me? For example, I know that union people said that -- a lot of them said after you've been to jail and incarcerated, they don't want you. Well, that's interesting because their family members grew up in the trades they work. If you're black, you may not be able to work, depending on the (indiscernible) and the leader is. In other words, there are excuses sometimes that don't make sense.

And so, little things that I think are not going to harm, one way or the other, their ability to participate, particularly minorities from our areas -- I want to look at them and try to eliminate them or put some checks and balances -- so it doesn't become a thing that is going to eliminate us, because

I just figured that's where the focus is in terms of this whole industry out there, not with you guys, but with the industry.

I just don't believe that folks want a lot of minority contractors and women on these jobs. That's why it's-- I may be wrong, but they've got to prove me wrong.

DEPUTY ATTORNEY GENERAL KENNEDY: Yes, Senator.

ASSEMBLYMAN DORIA: Thank you.

Assemblyman Stanley.

ASSEMBLYMAN STANLEY: Thank you, Mr. Chairman.

Can you tell me how long the process takes and what type of mechanism you have in place for completing the process and tracking requests from EDA? It's my understanding that you would get the request from EDA.

DEPUTY ATTORNEY GENERAL KENNEDY: Yes.

ASSEMBLYMAN STANLEY: Is it that you would get the request, and then you would send that request back to EDA with your findings?

DEPUTY ATTORNEY GENERAL KENNEDY: That's correct.

ASSEMBLYMAN STANLEY: What is the time frame? And do these requests go to a number of different people all over the Department? How many people do you have involved? Do you have enough staff? I imagine that this is not going to change under the new reorganization. Is that correct, it's not going to change?

DEPUTY ATTORNEY GENERAL KENNEDY: That's my understanding.

ASSEMBLYMAN STANLEY: Okay. So maybe you can just answer the questions.

DEPUTY ATTORNEY GENERAL KENNEDY: The contractors make their applications to EDA, and so we receive them from EDA. We have a staff currently of 32 people that consists of-- We have some support staff, some management improvement specialists who are the people who run the database checks. Their time is devoted 100 percent to this task. And we have on staff, as well, investigators, some civil investigators, some with law enforcement authority. And they're the ones who would follow up on questionable cases where we need to find out more information before we can make our decision.

So, all of the files will go through one person who does the database checking -- and then one person -- an investigator typically, unless it becomes really involved and we might have to add more people to the staff.

The time frame for the cases that are resolved after the initial checks only-- We've been responding in less than 30 days from the time that we receive the files. We're looking at ways that we can improve our internal processes to try to speed that up.

Cases where we need to contact the applicant and ask them for explanations-- It's much more difficult to answer how long it takes, because in many cases, we found the delay is then on the applicant responding back to us. And until they do, we can't move forward. So that's kind of out of our hands at that point. It also varies from every case. Some people will fax back answers that day. Others -- we've had people who haven't responded even after multiple phone calls following up. So those ones vary a great deal.

ASSEMBLYMAN STANLEY: It seems to be a long time. I know it's probably not long based on -- I don't know the work load or whatever. But

it is a long time for the process. It just appears that that's another 30 days or 60 or however many. Is there any way that we could streamline that process? Is there any way that we could shorten the amount of time that it takes? Is some of this because of either data issues or who you would have to get the information from: Or maybe it's a factor of the process that's not within your jurisdiction or your control. It just seems 30 days -- is the guy a good guy or a bad guy -- 30 days on the good guy just seems like it's a little long.

DEPUTY ATTORNEY GENERAL KENNEDY: It's important to keep in mind that the prequalification process all occurs before any of these applicants bid on projects. So, this really-- It doesn't have any impact on how long it takes a project to get done or a project to get approved. We're not involved in that aspect at all.

In terms of why -- you know, are there ways to speed it up? The time that is caused by workload versus our staff -- and also, yes, we do have a computer issue that we're working on solving. Hopefully, we can have a better, more efficient data recovery system than we have now. We've actually outgrown the system that we started with. We're working on that problem. Otherwise, the time frame is because of the number of applicants we have versus the staff that we have.

ASSEMBLYMAN STANLEY: Now, you're talking about a preapproval process that we were just talking about. Now, isn't there another approval process once the contract is awarded, or is it not? They never have to go to the AG's office again?

ASSEMBLYMAN DORIA: I think what you're talking about is not something that is done, Assemblyman, through the Office of Governmental

Integrity. After the contract is prepared and is prepared to be awarded, it has to go through a contract review.

But that's not done through your office, or is it?

DEPUTY ATTORNEY GENERAL KENNEDY: No, it is not, Mr. Chairman. You are correct.

ASSEMBLYMAN DORIA: That is the other office that would be responsible for the contract review. That's not the--

DEPUTY ATTORNEY GENERAL KENNEDY: The Division of Law.

ASSEMBLYMAN DORIA: --the Division of Law, which would not be the Division of Governmental Integrity. That's a whole different-- That's after the fact. That's a Division of Law issue.

ASSEMBLYMAN STANLEY: Okay. Thank you.

Thank you, Mr. Chairman.

ASSEMBLYMAN DORIA: Any other questions for them? (no response)

We thank you very much for coming. I appreciate your being here and waiting this long and being available.

DEPUTY ATTORNEY GENERAL KENNEDY: Thank you very much. Thank you for the opportunity.

ASSEMBLYMAN DORIA: Art Maurice.

Remember, the last shall be first, and the first shall be last. And they always save the best for last, Art. You know how that is.

MR. MAURICE: Thank you, Assemblyman. Thank you for allowing me to speak.

I know I'm the only thing standing between the beginning of your summer vacations. (laughter)

ASSEMBLYMAN DORIA: Well, we're happy to have Art Maurice here, the Vice President from the New Jersey Business and Industry Association.

MR. MAURICE: Thank you.

I will have a different focus. We've talked about finding schools, site acquisition, permitting, design. What about building the schools? Who's going to build these schools? That's going to be my focus. And it's uniquely one that, I think, our Association can speak about, specifically because we lobbied the legislation, we supported the legislation.

Secondly, we've held five seminars for contractors to learn about the program. The Economic Development Authority was superb. They gave us the staff, information. We trained over 1400 contractors and consultants over the last 14 months.

Finally, we have a lot of contractors -- developers in our organization who know that projects that look like they will take a multiple of months often end up taking a multiple of years. And that's unfortunately the way a lot of what happens in this State works in the development area.

Now, Caren said one of the issues she had was the amount of rebids. We watched that because contracts were going out, and they couldn't be filled. One of the reasons was there simply weren't enough contractors. We tried to step in. We tried to organize. But there is a problem out there in that there really is, and there will be once this program gets out there, a shortage of contractors.

As the Governor said in his executive order this week, and I quote, “The NJEDA should have to take actions to ensure that there is an adequate pool of qualified contractors.”

I’m here to urge you to make a policy recommendation, if that’s the right avenue, to not allow project labor agreements on these school construction projects.

Now, why is that? Because if you limit the number of contractors who can submit proposals, you will clearly have an impact on the amount of the work that can get done. Let me be more specific. One, a PLA will not improve the qualify the the school construction work. We’ve already heard about the prequalification standards, the classification standards. We have over 13 prequalification standards right now.

Secondly, a PLA will not increase the use of the minority, female contractors. I won’t discuss that any more, but you’ve certainly heard that.

And finally, PLAs will not help hold down the cost of these projects. How can that be if you’re limiting the number of contractors?

So, again, we urge you. If you want to see these schools built, and I think that’s what everybody wants, not just approved, limit, and do not allow the use of project labor agreements.

One final word, and I would be remiss if I did not speak to the wonderful work of the Economic Development Authority. They have created a standard for the selection of contractors, the qualification of contractors, and fiscal integrity which I, frankly, in the 20 years I’ve been involved in this State government, have never seen the budget they have to spend \$8 billion is more than the entire state budget of half the states in this nation. And they’ve



created a system to ensure that that funding is spent in a way that benefits all the taxpayers of the state.

Thank you, Assemblyman.

ASSEMBLYMAN DORIA: Thank you very much, Mr. Maurice. It's a pleasure to have you here.

Thank you.

Any closing comments for any members of the Committee?

ASSEMBLYMAN STANLEY: Thank you, Mr. Chairman.

I just want to say that, again, I want to commend you for taking upon this -- taking on this task. There is nothing, as I said earlier, more important than ensuring that our children in this state are afforded the quality education which constitutionally we're required to give -- to provide.

We had some excellent testimony yesterday and today. Joyce Harley, formerly of the Coalition for Our Children's Schools and now with LISC, said it is actually criminal for us to be sitting here today and not having performed or not having seen schools actually built when the ground really should have had the shovel in it two springs ago. This is a tremendous beginning of legislative oversight of which we have not seen in the history of this school construction program.

I commend you again.

I commend Senator Rice and all of the members of the Committee for undertaking this as something that we will be engaged in and something we will see through.

I wasn't kidding about those schools -- those shovels in the ground this spring, Mr. Chairman. (laughter) I'm really looking forward to seeing it.

Thank you very much.

ASSEMBLYMAN DORIA: Thank you very much, Vice Chairman Stanley.

Assemblyman Conners.

ASSEMBLYMAN CONNERS: I guess I really want to second what Assemblyman Stanley said.

But number two, as someone who is new to the Education Committee, I think what has happened in the past two days has just been terrific. It's been an education for me and has given me a better understanding, I think, of what is--

I mean, I have an Abbott district that I have to deal with and have been dealing with over the summer. But what happened here over the past two days -- and what I have learned and also some things about affirmative action that have given me pause and is making me think.

But the last thing I wanted to -- and I didn't get a chance to say it to Art Maurice-- I have to congratulate Art for endurance, for being so patient, and for being so cheerful and probably being the most enthusiastic -- the person at the very end.

Thanks, Art and New Jersey Business and Industry. Thank you.

ASSEMBLYMAN DORIA: Anyone else? Anyone?

Senator.

SENATOR RICE: Mr. Chairman, let me also thank you once again, as I did yesterday. I really appreciate you responding to those of us who had a concern. I know you share the same concern about where we are going. I'm looking forward to sponsoring legislation with you and your colleagues over

at my House. Hopefully, your staff will move to work. And if we can be of help, let me know as quickly as possible so that we can send a second message to New Jersey residents and taxpayers that we are serious, and to the administration that collectively, in a bipartisan fashion, we want to remove barriers, keep integrity and commitment and accountability, but get some things done in the schools for the kids in the school districts.

So, once again, I commend you. Enjoy the rest of your summer. I won't bug you any more for about a month. (laughter)

ASSEMBLYMAN DORIA: I just want to thank all the members of the Committee for their diligence today and yesterday. Every one of you taking two days out from your summer, I know, is not easy -- two consecutive days. But I felt that this was extremely important.

I want to thank all the members of the Committee -- the Assembly Education Committee and the Joint Committee who are here -- Senator Rice, Assemblywoman Heck, who has joined with us, and Assemblyman Malone, who sat in on the Committee as the sponsor of the legislation.

I think that this is extremely important. I think we have to move from here. We have to demand that we receive the accountability, and hear from -- I think we've heard from both the Commissioner and Caren Franzini, the Executive Director of the EDA, that they want to continue to provide us with information. We have to continuously update ourselves.

We have to look at legislation to update where we are. I think we can put together a first piece of legislation. I don't think we have to have all the answers. We can go back. I agree with Senator Rice here. We can go back and do something now. And then if there's need to change it again the future,

we can change it because we all know that the legislative process is one of continuous growth and change. Change is not bad. We learn and we improve. I think that's what this is about.

I want to thank Kathy Fazzari and her staff; Ted Settle, Bernadette, and everyone from her office for the job that they've done; OLS for their support of taking care of the hearing; Maggie from our staff who's done an excellent job; Victoria from the Republican staff. We thank everyone for their support. We thank everyone for their patience. And hopefully, we will move forward and we will see schools built, and we will see health and safety problems dealt with, and we will see that this legislation will be implemented so all of us who were involved from the beginning -- Assemblyman Malone is the sponsor -- and all of us who were there at the beginning can see the buildings in the ground before the next election as Assemblyman Craig Stanley would like to see happen.

ASSEMBLYMAN MALONE: Local or legislative? (laughter)

ASSEMBLYMAN DORIA: Any election. Why not?

ASSEMBLYMAN MALONE: We figured it out over here, Craig. We knew once we figured it out--

ASSEMBLYMAN DORIA: There's always some election going on somewhere for someone.

Thank you.

**(HEARING CONCLUDED)**