

---

---

# *Committee Meeting*

of

## JOINT COMMITTEE ON THE PUBLIC SCHOOLS

*"Testimony from Mr. Al Koeppe, Chairman of the New Jersey Schools Construction Corporation Board, plus public presentations"*

---

---

**LOCATION:** Committee Room 4  
State House Annex  
Trenton, New Jersey

**DATE:** October 3, 2005  
9:30 a.m.

**MEMBERS OF COMMITTEE PRESENT:**

Senator Ronald L. Rice, Chair  
Assemblyman Craig A. Stanley, Vice Chair  
Senator Joseph V. Doria Jr.  
Senator Thomas H. Kean Jr.  
Senator Robert J. Martin  
Assemblyman Patrick J. Diegnan Jr.  
Assemblywoman Joan M. Voss  
Assemblyman Bill Baroni  
Assemblyman Joseph R. Malone III



**ALSO PRESENT:**

Melanie Schulz  
*Executive Director*  
Sharon Benesta  
*Chief of Staff*

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

---

---

## TABLE OF CONTENTS

	<u>Page</u>
Alfred C. Koeppe Chairman Board of Directors New Jersey Schools Construction Corporation	4
Peter E. Maricondo Acting Chief Executive Officer New Jersey Schools Construction Corporation	13
Charles T. Epps Jr., Ed.D. State District Superintendent Jersey City Public Schools	81
David Sciarra Executive Director Education Law Center	89
Mary T. Stansky, Ed.D. Superintendent Gloucester City Public Schools	96
Thomas J. Kilcourse Mayor Gloucester City	99
John Kenney Director of Facilities Gloucester City Public Schools	102
Annette D. Knox Superintendent Camden City Public Schools	120
Martha Wilson Vice President Board of Education Camden City Public Schools	120
Raymond M. Lindgren, Ed.D. Executive Assistant to the Superintendent Newark Public Schools	128

## TABLE OF CONTENTS (continued)

	<b><u>Page</u></b>
Augusto Amador Council Member East Ward City of Newark	132
Joseph Della Fave Executive Director Ironbound Community Corporation, and Member Executive Board Early Childhood Coalition of Newark	136
Barbara Cid Private Citizen	146
James H. Lytle, Ed.D. Superintendent Trenton Public Schools	146
Emerson Simmons Private Citizen	149
Peggy Nicolosi Superintendent Salem City School District	150
H. Gordon Pethick, Ed.D. Superintendent Phillipsburg School District	156
Roderick Pianelli President Board of Education Phillipsburg School District	158
Jacqueline R. Attinello, Ed.D. Assistant Superintendent Phillipsburg School District	163
Pablo Muñoz Acting Superintendent Elizabeth Public Schools	171

## TABLE OF CONTENTS (continued)

	<u>Page</u>
John M. Rodecker Superintendent Perth Amboy Public Schools	178
David A. Mooij Superintendent Neptune Township School District	186
Katherine A. Kelk Superintendent Cumberland Regional School District	195
Nathan N. Parker, Ed.D. Superintendent Orange Public Schools	201
Arthur Griffa President Board of Education Orange Public Schools	209
Laval S. Wilson, Ph.D. Superintendent East Orange School District	214
Irene Sterling Executive Director Paterson Education Fund, and Cochair Subcommittee Paterson Facilities Advisory Board	220
Lusta Agyare Member Association of Community Organizations for Reform Now, and Paterson Facilities Advisory Board	220
Barbara George Johnson Representing Plainfield Public School District	229

## TABLE OF CONTENTS (continued)

	<b><u>Page</u></b>
LaRae DiCamillo Private Citizen	230
<b>APPENDIX:</b>	
Testimony plus attachments submitted by Alfred C. Koepp	1x
Testimony submitted by Charles T. Epps Jr., Ed.D.	15x
Statement submitted by David Sciarra	21x
Remarks plus Gloucester City citizen/community letters submitted by Mary Stansky, Ed.D.	24x
Testimony submitted by John Kenney	49x
Presentation submitted by Raymond M. Lindgren, Ed.D.	51x
Testimony plus attachments submitted by Joseph Della Fave	53x
Statement plus attachments submitted by Emerson Simmons	65x
Testimony plus Salem Middle School and John Fenwick School Booklets submitted by Peggy Nicolosi	75x

## TABLE OF CONTENTS (continued)

### APPENDIX (continued):

	<u>Page</u>
Slide Presentation plus statement from Jonathan Gregory Student Phillipsburg High School submitted by H. Gordon Pethick, Ed.D.	117x
Presentation plus attachments submitted by Pablo Muñoz	134x
Testimony submitted by John M. Rodecker	145x
Testimony submitted by David A. Mooij	150x
Testimony submitted by Katherine A. Kelk	153x
Testimony submitted by Nathan N. Parker, Ed.D.	155x
PowerPoint demonstration plus photos submitted by Laval S. Wilson, Ph.D.	157x
Certification plus Status Report on Paterson School Facilities submitted by Irene Sterling	184x
Testimony submitted by Lusta Agyare	208x

## TABLE OF CONTENTS (continued)

### APPENDIX (continued):

	<u>Page</u>
Testimony plus attachments submitted by Mark Cowell Superintendent Pemberton Township School District	213x
Testimony submitted by Alma Cruz President Statewide Education Organizing Committee	221x
Testimony plus Certification submitted by Edward F. Gola Jr., Ed.D. Superintendent of Schools City of Burlington Public Schools	223x
Testimony submitted by Elizabeth Perry Member Jersey City Parents In Action	230x
Testimony submitted by Richard M. Kaplan Superintendent New Brunswick Public Schools	232x
Testimony submitted by Jennifer Langer Executive Director New Jersey Charter Public Schools Association	234x

## TABLE OF CONTENTS (continued)

### APPENDIX (continued):

	<u>Page</u>
Presentation submitted by Susan Martin President Plainfield Education Association	236x
Testimony submitted by Cynthia Rice Senior Policy Analyst Association for Children of New Jersey	237x
Testimony submitted by Judy Savage Representing New Jersey Council of County Vocational-Technical Schools	239x
Testimony submitted by Lynne Strickland Executive Director Garden State Coalition of Schools	242x
lmb: 1-235	

**SENATOR RONALD L. RICE (Chair):** Good morning.

We're going to ask everyone to -- please be seated if there's a seat. I know we have an overflowing crowd, that's why we picked this room today. We changed rooms for that purpose. We apologize for starting the hearing late. There will be other members coming.

Those of you who got up early, like I did, and left your homes and locations early, you got here on time. There are others who get up their usual time and forget that, on the highways and byways, tractor trailers do turn over. And so, they are en route.

But we do have a quorum here this morning. We're going to start this meeting. And I want to kind of set some rules. My name is Ronald L. Rice. I am the Chairman of the Joint Committee on the Public Schools. The rules are, we want to listen to the speakers. If you're going to have conversation, please take it outside of this particular forum. This is not a beat-up meeting. Those who come to speak, give us your testimony for the record; submit copies of the testimony to staff that we can share with all the Committee, if you have written testimony as well.

There are going to be time limits and you will hear a bell. What's the time limit on this, Melanie?

**MS. SCHULZ (Executive Director):** Five minutes.

**SENATOR RICE:** There'll be five minutes for each speaker, and then you will hear the bell. I don't know what it sounds like. Can we hit it? (bell sounds) Okay. Sounds like somebody's cell phone, so cut all your cell phones off. (laughter)

By the same token, my colleagues -- we want to hear. We will be asking questions, but we will wait until all the speakers finish speaking

first. As relates to my colleagues and government on this side, we're going to do our best not to argue, or try to badger or belittle anyone, which we can do very good sometimes when it's necessary. Because we do want to hear, but we will ask questions. Because we have to have questions in order to get accountability back.

They were bringing some more chairs in, but I suspect they brought probably all they could find. So as people speak and leave, hopefully the residents, and others who are here, can have an opportunity to sit.

What I'm going to do is, why don't we do a roll call, Melanie, on the members who are here?

MS. SCHULZ: Senator Rice?

SENATOR RICE: Here.

MS. SCHULZ: Senator Kean?

SENATOR KEAN: Here.

MS. SCHULZ: Senator Doria?

SENATOR DORIA: Here.

MS. SCHULZ: Senator Martin?

SENATOR MARTIN: Here.

MS. SCHULZ: Assemblyman Stanley?

ASSEMBLYMAN STANLEY: Here.

MS. SCHULZ: Assemblyman Baroni?

ASSEMBLYMAN BARONI: Here.

MS. SCHULZ: Assemblyman Diegnan?

ASSEMBLYMAN DIEGNAN: Here.

MS. SCHULZ: Assemblyman Malone?

ASSEMBLYMAN MALONE: Here.

MS. SCHULZ: Assemblywoman Voss?

ASSEMBLYWOMAN VOSS: Here.

MS. SCHULZ: Mr. Chairman, you have a quorum.

SENATOR RICE: Thank you.

The first order of business is going to be old business.

Melanie, would you explain to us and -- what we want the Committee to do here, to the members?

MS. SCHULZ: At the April 11, 2005 meeting of the Joint Committee on the Public Schools, the members voted to join with the DOE on a study of Interdistrict Public School Choice. We have been informed by the Office of Legislative Services that at this time that is not -- we are out of time for the legislative mandate that's contained in the Interdistrict Public School Choice Law. They have advised us to rescind our vote, and then the members can decide at some other point in time what they want to do for a study of Interdistrict Public School Choice.

SENATOR RICE: Thank you.

ASSEMBLYMAN STANLEY: Mr. Chairman, I'd like to move the motion to rescind the vote from the past meeting.

SENATOR KEAN: Second.

SENATOR RICE: There's a first and a second. Any questions on the motion? (no response)

Roll Call.

MS. SCHULZ: Senator Rice?

SENATOR RICE: Yes.

MS. SCHULZ: Senator Doria?

SENATOR DORIA: Yes.

MS. SCHULZ: Senator Kean?

SENATOR KEAN: Yes.

MS. SCHULZ: Senator Martin?

SENATOR MARTIN: Yes.

MS. SCHULZ: Assemblyman Stanley?

ASSEMBLYMAN STANLEY: Yes.

MS. SCHULZ: Assemblyman Baroni?

ASSEMBLYMAN BARONI: Yes.

MS. SCHULZ: Assemblyman Diegnan?

ASSEMBLYMAN DIEGNAN: Yes.

MS. SCHULZ: Assemblyman Malone?

ASSEMBLYMAN MALONE: Yes.

SENATOR RICE: The vote carried.

Thank you very much.

I'm going to ask the first speakers to come up. And that's Mr. Al Koeppe and your SCC team.

Mr. Koeppe, make certain that your team is nearby in order that my members, on your conclusion, have questions -- that you can get the proper answers if, in fact, you do not have them yourself. And you can bring your CEO up with you and anyone else you need to be sitting with you.

**A L F R E D C. K O E P P E:** Okay, fine. Thank you.

Are we on, guys? (referring to PA microphone)

SENATOR RICE: Yes.

MR. KOEPPE: Senator, thanks for inviting me here today.

As you mentioned, my name is Al Koepp. I'm Chairman of the New Jersey Schools Construction Corporation's Board of Directors.

As you are aware, I've been serving here since May, when I was asked by Governor Codey to address some of the issues facing the Schools Construction Corporation. I spent the last four months doing just that.

With me is Peter Maricondo, who is on my right, who was brought on board, also in May, as the SCC's first Chief Financial Officer. He's now the agency's acting Chief Executive Officer.

Now, as requested, I'll describe the reforms enacted by the SCC over the past four months, summarize the condition of Abbott and non-Abbott funding, and provide a status report on the Corporation's land acquisition activities. And also, as requested, Peter will take the time to address the Corporation's new business planning process.

Now, in the interest of time, you should have two documents before you. The first is essentially a checklist of those measures adopted by the Corporation based on the Inspector General's recommendations of late May. And the second document describes those measures either initiated by SCC staff, as a result of their own internal review, or developed by the Board of Directors based upon corporate best practices. There's a little bit of an overlap among those two documents, but I think between them they'll provide a complete picture of the Corporation's current reform efforts. By the way, that doesn't mean to imply that there aren't additional reform efforts underway and more procedures and protocols practices being developed. But I did want you to have what is most current.

As you may have seen, they fall into four interdependent areas: Financial oversight, ethical business practices, internal controls, and

operational improvements. And they are intended to ensure a higher level of accountability at all levels of the organization -- the Board of Directors, executive management, staff, and the outside contracting community.

I'm not going to cover each in detail, not in the time that we have today, but I'm going to highlight four of them. And I'd invite your special attention to the first three, because, frankly, I believe that they are both the root of the organization's problems and, ultimately, can be the heart of a solution.

First, with respect to ethical business practices: The Corporation did not have a clearly understood code of ethics and business conduct backed up by training, monitoring, and enforcement tools. So on July 27, 2005, the Board approved a Code of Corporate Conduct and a Code of Ethics. Importantly, it applies to the members of the Board of Directors, the executive management team, and the SCC staff, and is intended to guide the Corporation in holding to the highest standard of ethics and integrity in a workplace. Now you should know that this code incorporates the best practices currently employed in the private sector. It includes training, monitoring, enforcement and whistleblower procedures. All of these have proven to be very effective fraud deterrents. Now, while the code does not apply to outside contractors, mainly because their obligations are governed by existing contracts, we do intend to incorporate them in future contracts with outside contractors. This is going to be very important, because the nature of this work with an extended contracting community needs protocols and procedures that extend to the entire organization, not just those that are in-house.

I'm going to turn now to financial controls. The Corporation had an inadequate understanding of its financial standing. It had little ability to drill down into project details. On May 13, 2005, the Board appointed its first Chief Financial Officer, Peter Maricondo, sitting to my right. He's now the Acting CEO. In a short time that Peter has been at the SCC, he has implemented the majority of financial controls you see before you in your handouts. He's engaged a professional comptroller and a compliance officer, has begun the process of engaging professional, internal auditing services, and has created an organizational structure that has the obligation to oversee every aspect of the Corporation's finances. Peter will describe some of his initiatives in a couple of minutes.

Third, with respect to internal controls and Board accountability: The rules and responsibilities of the Board of Directors were not defined and its accountabilities were very unclear. As you are aware, in May, Acting Governor Codey reformatted the Board of Directors and instructed it to develop the internal controls for the Corporation that would ensure efficient operations, reliable financial reporting, and full compliance with laws and regulations. And pursuant to that directive, on August 24, 2005, the Board approved an Audit Committee Charter detailing the significant powers and obligations of that Committee -- the significant powers and obligations of that Committee. As some of you may be aware, board committees are designed to stand at a very critical intersection between management, independent auditors, internal auditors, and the board itself. It's either the conscience of a good corporation, or it is the cop on the beat for a good corporation. I have experience here, and I know the importance of an audit committee's role.

While the SCC's Audit Committee Charter incorporates every principle obligation enumerated in the Sarbanes-Oxley Act, including requirements for financial literacy and continuing education for board members, its very critical importance lies in its explicit recognition of that Committee's obligation to see to it that management operates in a manner that safeguards the State's interest. That's a critical balance. Good corporations have strong boards that are not beholding to management. Poor corporations have boards that are not effective and are not proactive. This Board, this Audit Committee, and hence this Board, has been designed, the platform has been built, to have those protocols and procedures that will create that strong balance.

Now finally, with respect to operational improvements, efficiencies: There have been a multitude of procedures adopted to ensure that the Corporation is administering its obligations in a cost-effective manner. They are summarized in your backup, under the caption "Operations and Policies." There'll be more to come. This organization clearly needs belt-tightening in terms of efficiencies, and that's an ongoing process.

I'm now going to turn to the status of Abbott and non-Abbott funding. As you may recall, in early June of this year, the SCC testified -- Mr. Spencer testified that \$1.6 billion remained out of the \$6 billion allocated for the Abbott projects. In other words, 4.4 billion was either already spent or was committed to projects in construction. That was bad news. Bad news to be sure. But there was actually a more serious problem here. And that is that, because while there was no way for the organization to complete all of the projects approved by the Department of Education,

the SCC had also not altered its construction activities. It's a serious issue. Land acquisition, architectural renderings, etc., were proceeding unabated across the state. It's an obviously intolerable situation with a declining amount of funds. You can't blink that away.

So immediately upon seeing that, a Special Committee of the Board of Directors was formed, comprised of the Department of Education, the Governor's office, and the Attorney General's office -- all represented on the Board of Directors of the Corporation -- DOE, AG, and the Governor's office, standing members. They were charged with recommending to the Board which projects would be completed with the agency's remaining funds, taking into account their obligations pursuant to the legislation and the *Abbott* decision; taking into account this arrhythmic pattern of construction activity, and architectural work, and design work have been going on across the state unabated. An extremely difficult decision, but frankly an important turning point in the organization, because failure to address this would have resulted in a multitude of half-completed schools across the state with no funds remaining.

At the SCC's July Board meeting, the Special Committee reported that they had selected 59 projects amounting to \$1.46 billion, which includes the cost of relocation, land acquisition, demolition, etc. A remaining 200 million was set aside to complete projects that were currently in construction and to satisfy land acquisition commitments made for projects that were not recommended by the Special Committee. And I'll talk about those in a minute. Every penny of the \$1.6 billion has been allocated. It is Mr. Maricondo's obligation, as CFO and CEO, to spend that money wisely. I have a great deal of confidence in him, that's why he's here

today, and that's why he's running the organization as interim CEO, as we speak.

Now look, I've been around quite a while in the state. I've had hard commissions and I've had easy commissions. I've had difficult decisions in my corporate life. I will say that the decision to allocate the remaining funds was the singular most difficult, heart-wrenching decision that I have had as a corporate executive or as a citizen of this state. And I know that all of us in this room wish we had enough money to build every single school that's needed. But there's a stark reality here that I think, I guess, we have to face up to, and we did face up to it. The SCC has a finite amount of funds left. And while progress has been made, there is much more to accomplish. There's no question about that.

To date, the SCC has completed 30 new schools and major additions. It's completed \$817 million in health and safety repairs to 354 schools in the Abbott districts. Another 43 major school facility projects are in construction. There's 26 smaller rehabilitation projects. As I mentioned, based on the Special Committee's recommendation, the SCC will begin construction on an additional 59 projects. As a matter of fact, I believe some of the work has already started there.

That leaves 336, last count, approved projects from DOE that are currently without funding and which I know that you and your colleagues will have to address either this session or next. And I, frankly, sympathize with the issues that you have before you.

The non-Abbott districts -- I'm going to turn to non-Abbotts now -- they're in a similar situation. The demand for State aid from the non-Abbott districts exceeds the \$2.5 billion amount originally allocated by

the Legislature. I want to clarify a point that I had a hard time understanding. Whereas the SCC manages the construction and fully funds projects in the districts, for the majority of non-Abbott districts -- and those are those receiving less than 55 percent in State funding for education -- the SCC simply cuts a check for DOE-approved grants for up to 40 percent of their eligible costs. The SCC doesn't manage the project, doesn't build the schools.

To date, the DOE has approved and the SCC has either cut a check or reserved funds for -- it's an important point, these funds are reserved -- over 2.15 billion in grants for 463 of these non-Abbott districts, which impacts about 1,400 schools. In addition, the SCC has mandated to manage work in 26 non-Abbotts -- this is a small group of districts -- that receive over 55 percent in State aid; and the three non-Abbott districts receiving less than 55 percent in State aid -- 230 million has been allocated for those projects.

We add to that amount of \$2.38 billion, that I just laid out for you in the three categories, for an additional \$65 million in overhead costs for bond issuance, which is in the Act. That leaves approximately \$60 million remaining in the fund. As I said earlier, once again, 2.5 billion -- there's now about \$60 million left. Exceptional demand -- I will say that -- exceptional demand for that grant-in-aid.

So following a similar model, we've asked the Department of Education and the Attorney General's office to establish a prioritization policy for those remaining funds.

The last area I'd like to address is land acquisition, specifically demolition. Senator Rice, you asked me to address that, and you have a

specific interest in the status of that effort. As stated earlier, the SCC had, in some cases, acquired land for projects it no longer has the money to build -- acquired the land. And in some cases, several homeowners were left stranded in neighborhoods that had been vacated. It's been a subject of the press to some extent, rightly so. Therefore, the SCC Board approved the acquisition of these types of properties at its August Board meeting, recognizing the economic hardship of those owners. The cost of acquiring those properties which you had also asked me about, Senator, has been budgeted for in the capital construction plan. So it exists in Peter's budget.

Now, the SCC still has a responsibility to the community to demolish the structures and maintain those sites. We estimate that demolition and maintenance of those properties -- and Peter, correct me if I've got old numbers -- will cost approximately \$14 million statewide. That's it, statewide. And once again, I believe we have that in our budget as well.

That concludes my testimony. I could speak quite a bit about where we are in our experiences, but I would like to say a couple of things. First of all, I found many dedicated employees at the SCC. They're trying hard to navigate through a process and a system that was clearly off course. There's not going to be a single solution here, just as there was no single cause for the problems. I've been in this movie before with broken corporations, and I have found that a steady hand, clear enforcement of accountability, and absolutely air-tight financial and ethical controls usually help solve it. But the proof will be in the pudding. As I said earlier, I believe we have the strongest financial, and operational, and internal controls that you'll find in corporate America.

And by the way, corporations that I'm familiar with are some of the best, and they're certainly the best in this state. So a steady hand and clear enforcement of accountability, I think, are the keys to moving this organization forward. Hopefully, we're underway; and it's not solved yet.

With those qualities in mind, I'd like to introduce Peter Maricondo, who will very briefly discuss the cornerstone of his endeavors and initiatives, moving forward, which is the business planning process.

**P E T E R E. M A R I C O N D O:** Thank you, Al, and thank you members of the Committee for allowing us the opportunity to appear before you today. I am Peter Maricondo, the Acting Chief Executive Officer of the New Jersey Schools Construction Corporation. As Al indicated earlier, I'm going to just briefly talk about how the SCC's business plan -- a fundamental difference from the way the agency was previously managed.

Previously, this 8.6 billion school construction program operated without a Chief Financial Officer. It operated without a budget-driven construction plan -- this is very important; it had no plan -- and without the appropriate internal controls present to ensure the proper stewardship of the public's dollars.

In addition, decisions were previously made to acquire potential school sites for future construction without having the money secured in a budget to build on those sites. Similarly, the agency had design plans prepared by architects for schools that it did not have the money to build. All this resulting from the fact that there was no plan.

As a result, promises were made that were not kept. I'm here to tell you today that those days are over. And I would also like to tell you that I don't like making promises that I can't keep. Instead, I'd like to

make a promise to you and to the people of New Jersey. And that is, what I can do is, do the right thing and try my very best to ensure that I'll do the best job that I can, and to manage the SCC projects to come in on time and on budget. That's the mantra by which we're going to live by. And this is the battle cry within the organization these days -- on time, on budget. That's how we're going to manage the projects. It's pretty simple. It's block and tackle. It's getting to the basics of what we do, which is manage projects.

This is the only way to make certain that all the projects recommended by this Special Committee for construction get built for the children of New Jersey. To that end, I have formed a committee of eight employees to develop the SCC's business plan, which will monitor spending against the budget of the project. This committee is reviewing each and every contract to determine its status. So exactly what we're doing is -- and by the way, I'd just like to take a minute to explain this. Most corporations are run on what's called a *going concern* basis. The assumption is, is that the corporation will continue forever. We are running the corporation within the constraints of \$8.6 billion. We're not going to make any decisions outside of the \$8.6 billion. We're not going to buy land that we know we can't build a school on. We're not going to do design plans where we know we're not going to build a school within that \$8.6 billion and those design plans. That's a fundamental, philosophical shift for the corporation.

Let me tell you what this committee is doing that's working on the business plan. We have three buckets of money currently left. One bucket is, we have 69 projects currently in construction. We're managing those 69 projects. The committee's first responsibility is to look at every

contract within those 69 projects and to tell me whether we're on time or on budget related to each contract. If we're not on time and on budget, then what is the action plan to bring the project back on time and on budget? It's very basic. The same is going to apply to the 59 projects that are new, that the Special Committee approved in July, that AI referred to earlier. We're going to manage those contracts on time and on budget. This again is within the framework of having a plan and managing to that plan.

What we'll then do is -- and this seems, kind of, almost academic in a way, but I tried to make this as simple as possible -- we're going to color code for our Board of Directors and for the management of the company. We'll color code each project. If a project gets a green code, that means it's essentially on time and on budget. If it's a yellow code, it's starting to run off of on time and on budget, and we'll start bringing that back into the plan. If it's a red code, it means it's way outside of the parameters that we have set for. And so then an action plan needs to be put in place to get that project back on time, on budget. It's very basic. Again, it's getting back to the basics of project management.

To sum up this process, again, we've taken an extensive look at every single contract, created project milestones, and have set a budget and time frame for each one of them. This plan will be monitored monthly to determine if the project is on track; if not, how to get it back on track. Frankly, we have no other choice. As you are well aware, this is a finite amount of money left, and every penny has been budgeted.

Thank you again for having us here today, and I'm looking forward to working with everyone. Thank you.

SENATOR RICE: Thank you.

We're going to have you take some questions from my members. But I want to ask a couple of questions myself first. Number one, we have some residents here from throughout the state who are being confused by leadership, either locally or organizationally or here at the State level, about those projects that were selected -- the 59 projects. And I've heard all kinds of different allegations and anger, if you will, that as members of this Committee, or the Education Committee in both Houses, does -- they fought for the selection of the 59. And that's because some of the people who understand the process, or think they understand, are not explaining to the taxpayers or voters in those districts the correct information, or not explaining it where they understand it. Would you explain, number one, who selected the 59, what was the process for selecting them? Because I know that if you come into the Newark School District, for example, we have a problem because the process has a lot of schools involved. Some schools should have gone this year or last year. But yet on the five wards, one ward did not have one school at all in the process. If you go to other districts, you have kind of similar scenarios. So for the sake of the public, from you to us, where does that responsibility lie, so we can remove the politics from the scenario, move them forward to be schools in the ground?

MR. KOEPPE: I'll handle that.

In order to do it, I'll describe the situation that we were faced with, the legal counsel we received from the Attorney General's office, and the process itself, and its result. The first thing I'll say, Senator, is that you'll find, as I describe this process, that the matter of political districts

and wards was a completely irrelevant part of the decision -- I'll start right from there -- across the state.

Let's understand where we were -- no budgeting process, the Corporation didn't know what it was spending day to day. It knew it was running out of money, because it was drawing down that capital at a significant run rate. Nevertheless, you've got land acquisition, design and architectural support, environmental clean up, swing space negotiations, and construction proceeding across the state. Right? I mentioned that earlier, unabated. One thing's for sure, right? When the new Board and the CFO looked at this in early June, it was very obvious that were this situation to continue, the work would simply continue, the funds would run out quickly and haphazardly across the state -- right? -- arithmetically. The money's out, half a building. The money's out, architectural drawings. Many projects would have been partially completed, money would be wasted, and children wouldn't be served.

So it was very obvious to me -- I'll take accountability for this process -- and very apparent to me -- but I was not alone in this, in terms of recognizing the problem. Recognize that this was mitigation of a disaster. It wasn't the creation of a solution. We're mitigating a disaster. Not all the projects were recognized. Not all the projects under way would be completed. Promises that had been made would not be kept, they'd be broken. And it was also true that some set of projects could be completed on time and on budget, and the task before this Board was to select which would proceed, as you described.

So the following process was developed and implemented: The first thing I did is, I chatted with the Attorney General's office and the

lawyers. And they informed me that the principal guide for any decision for the, if you will, the cut down of projects, the arrival at that 59, had to have as its source decisions that underlie the legislation, as well as the *Abbott* decision itself. Could not blink away -- not that I wanted to, by the way, believe me -- it could not blink away the educational requirements of the law and the legislation. However, they also said, "There's a real world here. And you need to take into account that work that has been done, the status of projects across the state." So there is the reality of partial construction, there is the obligation, under Abbott and under the legislation, to move forward with these projects, considering the educational requirements.

So those are the two sets -- considerations. So I formed a Special Committee of the Board. The first thing I did is, I asked the SCC to prepare an up-to-date description and a spreadsheet, if you will, that laid out the status of every project approved by the DOE. Everything from where the land was acquired, where the projects were designed, the design status, where the swing space was negotiated. What is an engineering look at where we are? And I said, "Okay, there are three" -- and I mentioned this in my testimony -- "there are three principle parts of government that have responsibility for this construction corporation" -- three, particularly as it meets its educational requirements. And that is, the Department of Education, who has the authority to create the priority of districts to be constructed out of the long-range facility plan; the Attorney General's office, whose obligation is to see that whatever recommendation was made would be very much in coherence with the legislation and with the act; and the Governor's office, because of their representation as essentially the client for you and for the people of the State. I said, "Okay, the Special

Committee, here's your job. Sit down, look at these projects, weigh heavily" -- and DOE was obviously the anchor here -- "weigh heavily the educational requirements, look at the preschool obligations, which are imperative, balance that against the realities of the construction program, and make your best recommendation." Don't, I said, don't worry about promises that were made in the past for whatever reason. Don't get into -- and this is not a small *P* -- don't get into political considerations, ward to ward for instance; don't get into that. Look at it for educational requirements, balance it against construction. One thing's for sure, no matter what we do, -- no matter what we do -- nobody will be happy with this. So make a tough decision, we'll stand by it. And that's what they did.

So they came up with a list of 59. They did not share it with anyone in the SCC. They got information from the SCC. They sat down, they put that list together. Then they sat down with the Board of Directors and the three committees of the Board -- the Audit Committee, Land Acquisition Committee, School Review Committee -- sat down with them separately. And the task for those three committees was to test whether they had applied those criteria in a manner that made sense. Not to second guess and say, "I want my mother's school on it, because she really liked that school." No. To say "Okay. You've come up with 59, here are the 59, did you take these considerations into account, did you do it well?" Obviously, we did come up with 59 projects. You see them.

Look, I said earlier in my testimony -- Senator, you and I have talked about this a number of times -- it was no more difficult decision that had to be made. But let me tell you something, somebody had to make it. Somebody had to make that decision. I hope that helps.

SENATOR RICE: It helps, for the record, because we're being transcribed here.

Let me ask you a question. On the 23, that I read anyway, referendums that just went out in the non-Abbott districts, SCC, as you indicated in your testimony, simply cuts a check to DOE.

MR. KOEPPE: Right.

SENATOR RICE: But there's also an indication that on the dollars that were appropriated for the non-Abbott district schools, there's a shortfall or deficit there as well.

MR. KOEPPE: Right.

SENATOR RICE: What would be the process, and who would make the determination -- if, in fact, there's a shortfall of the referendums -- which districts receive, which does not receive. And I can assure you, we will have more, probably, conversations in the future on this. But can you just kind of give us your thinking?

MR. KOEPPE: Yes. We're only talking about \$60 million remaining out of 2.5 billion, so we shouldn't lose sight that there is a very small amount remaining. There has been an extraordinary amount of work that has gone on across the state, but there is only \$60 million remaining.

Faced with that kind of tally, what I've asked is for the Department of Education -- once again, right, because I think the SCC is a construction company -- the educational requirements are really supported, well-known, and the DOE is highly versed in those. We asked the DOE and the Attorney General's office to give us a recommendation for that remaining \$60 million for the allocation, much along the lines, frankly, Senator, of the approach that I took with the non-Abbotts -- put it in the

court of people that understand the problem best, ask them to look at it dispassionately and objectively and make the decision.

SENATOR RICE: So, for the record, it is clear once again, so we don't get the same feedback, that members of this Committee, members of the Education Committee, the Legislature in general, are not going to have any political -- any involvement in that process, so they don't even have to worry about being criticized when it comes down. That's your process?

MR. KOEPPE: That's the process that I think makes the most sense, and that's the process that we're following right now. If somebody has a better idea, I'm not adverse to hearing it. But quite frankly, that's the only way to solve this problem.

SENATOR RICE: Well, I have a better idea, but it would take a little bit more time. I'll explain that.

MR. KOEPPE: Okay.

SENATOR RICE: Two more questions, and then I'm going to let my Committee members ask, and I'll come back to you. I have -- one issue is this relationship. And I can assure you, as I have in the past as Chair, I will be calling for information as we move forward, because there's a lot of work to be done by the Legislature and the new administration to get dollars into this process. But one of the things I'm finding out is that information that I tell the staff -- which means I can have it for a couple of days -- that's got to be in the computer. If that's not in the computer someplace, then I have a real problem with the way you're operating. When it's not a matter of it not being in the computer, it's a matter of navigating through processes with the DOE and other entities. So the

question is, is there anything in the works now to kind of make this process a lot easier, of acquiring information?

For example, if I want to know how many buildings we have to demolish in the course, you may have it or you may have to go to another department. If I want to know something about 23 non-Abbott districts, you know this much, and then you tell me DOE. How are we putting this together in order to make the process flow smoothly? Because that would piggyback on my other question, and I would just raise it right here so your staff can answer it. The Acting CEO indicated that promises made going to be, in essence, promises kept, and that's it -- bottom line. And we entered this management tightening technique, which I think is very good, in that we're going to make sure that the 69 and the 59 in land acquisitions fall within this. But let me say this to you, it's a known fact that some of it wasn't really management that created time delays and barriers at SCC. Everybody may not want to acknowledge that, but it was not. It was the State of New Jersey government with all the mazes and hoops you have to go through with oversight, etc., that's caused many of these districts that were ready to go, maybe three or four years ago, not to go forward, and that's why the project is not there. And so my question is, how do we deal with this navigating, where it's not somebody accidentally runs into America, we're going directly to America? How do we deal with the barriers, and what barriers do you foresee that's not going to be your process, being your process, but you're going to probably take heat for, because people are not going to know the difference?

MR. KOEPPE: Okay. Let me take a shot at that. Peter may want to jump in. I'm going to treat the question in, kind of, two segments.

The first segment is looking at SCC information and understanding where in the construction process each piece of the initiative falls, whether it be demolition, architectural drawings, pre-engineering work, or actual construction. That's the heart of what Peter described in very quick words about a good budgeting process. That's what you do. You have a (indiscernible) level of detail so that, on a current basis, you can look at not only what money you're spending -- what you're spending it for, and what's the effectiveness of that investment. So that's the heart of good project management in an infrastructure company -- dead on. Right? That's what we do. So that's the budget process.

Now, I return to the other question, which I think is a real issue that we need to address as a State. Quite frankly, others may have looked at this more than I have, but the little bit that I have seen, if I had to describe one of the problems of the program itself, not just SCC's particular problems, one of the problems in the Schools Construction Program is overlapping bureaucracies, their insular relationship bureau to bureau. And I think, frankly, as we move forward, I think a clear eye has to be applied here. We need a single person accountable to call these shots across the board. There is too much insularity -- the bureaucracies overlap, it's difficult to get the information. Because as you correctly described, Senator, you couldn't be more correct.

For Abbott districts, the SCC has an obligation to know every nickel. For non-Abbott districts, the SCC's involvement is essentially, as I said, for the most part, cutting a check. So the kind of the substance, if you will, resides somewhere else. This overlapping bureaucracy problem is one that I think this Committee is right to address it. The new governor needs

to address it. That is a frailty in the current structure. I couldn't agree with you more.

SENATOR RICE: Okay. Peter, Mr. -- I'll get that last name -- Maricondo.

MR. MARICONDO: Maricondo.

SENATOR RICE: You indicated that you formed a committee of eight employees. Who are those employees? Is that a diverse committee?

MR. MARICONDO: I'm sorry.

SENATOR RICE: Is that committee diversified?

MR. MARICONDO: Yes, it is.

SENATOR RICE: Who are the employees?

MR. MARICONDO: Donald Moore, from design and construction; John Nammour, from design and construction; Rob Carney, who is our finance director; Don Guarriello, who is our new comptroller -- he's only been there three months -- Carol Petrosino, who has primary responsibility for the information systems that are supplying information to this Committee. I'm sure I'm leaving a couple people out, but all the key people in the organization. They're really coming together, Senator, pretty well as a team, and I've been observing them working together. They've been working together very well.

SENATOR RICE: Thank you.

Assemblyman Stanley, and then we're going to go around. And when you're finished, I should be right back.

ASSEMBLYMAN STANLEY: Okay, Chairman.

First of all, thank you very much for your testimony. This is certainly good information. Perhaps some of my colleagues may want to ask more detailed questions with respect to some of the safeguards that have been put in place. As you testify, let me commend you for the job that you're doing, Chairman Koeppe. I think that there is certainly -- if not total faith, we're certainly headed in the right direction with respect to faith in the SCC's ability to perform and some of the things that have been initiated.

And you brought up an interesting issue with regard to the way the corporation, I guess, operates -- just the operational philosophy. And from a going concern basis, to a basis of how much money is left in the coffers, and at that point the concern will no longer exist. And you know, it's -- I think in fairness to the SCC, I believe when it was initially conceived, it was conceived as a going concern basis. And the indication was that once the dollars -- once we had an idea of how much could be done with that initial \$8.6 billion, that the Legislature would, in fact, reauthorize or authorize additional bonding capacity to continue the projects that needed to be done, sort of on an as-needed basis. Is that a correct assumption?

MR. KOEPPE: I'm not a historian of the SCC. But I think, Assemblyman, from what I've read in the legislative history, I think that's a fair understanding of it. I would agree with that. I think Peter obviously agrees also.

MR. MARICONDO: I would agree, also. Yes, I definitely would, Assemblyman.

ASSEMBLYMAN STANLEY: So the issue comes up, is to -- I guess our obligation in the Legislature -- to make sure that these funds are replenished. But we hit a real wall, I think, when certain things came to light with respect to the problems that have become well-known with respect to SCC. So now we're in somewhat of a dilemma. But we're in a dilemma for a number of reasons. One is that we have to make sure that the SCC is certainly abiding by the letter of these innovations, these recommendations, these reformations. That's one thing we have to make sure we do. But the second thing is that -- and I'd like to ask you with respect to this -- we have an obligation to build these schools. There's no question about it. We have a constitutional obligation. We're under legal requirements. The Supreme Court has demanded these schools be built.

What I want to know is, do we have an estimate of the costs that delaying these projects will have? And has the recent -- and certainly I'm sure that recent events outside the State of New Jersey -- Mississippi, Louisiana and the amount of rebuilding that will have to go on in those areas -- will certainly drive up the cost of construction. Can you speak, or anyone speak to the cost associated with holding up projects?

MR. KOEPPE: Yes. I'll address this because it's -- actually, we have not quantified the cost of not moving forward, for a couple of reasons. One is that the long-range facilities plans are currently being processed through the Department of Education this week, so that's a whole, fresh look at the hierarchy of the Abbott program. And I would imagine there will be some changes as a consequence of DOE's review of those reports.

Secondly, quite frankly, we've been focused on the financial triage here in the organization and have not spent the time looking into the

future. Because as Peter mentioned, the blocking and tackling aspects of the corporation seem to invite a lot more attention. But the third thing I will say is, just from my knowledge of infrastructure, that your kind of general direction that you're going in, Assemblyman, is absolutely on point. We know that the price of steel is increasing, and we know that's it due to a multiple of international and national issues. You see it across the infrastructure business. There is no question that a delay in progress for infrastructure work, whether it be a generating station for an electric utility, or a new elementary school, will cost more tomorrow than it costs today. There's no doubt about it -- there's no doubt about it.

ASSEMBLYMAN STANLEY: Thank you, Mr. Chairman.

And finally, I just want to -- I guess as a question, and also as a statement associated with the question -- and that is, it is critical for the future of the kids of our state, not just from a course perspective, but just from a perspective of having that school service next year's school children, as opposed to school children that become enrolled two or three years from now. It's critical that whatever changes, whatever things need to be done at the SCC to ensure us, as legislators, and of course the public in general -- but it is we, as legislators, who will have to make the determinations and actually vote on these issues -- it is incredibly important that we go about this on an emergency basis, almost. I can't overemphasize the urgency of this issue. And I hope, and I ask, is this your feel, is this the same sentiment?

MR. KOEPPE: I'll speak for myself. I believe that an emergent basis, with strong controls in place-- Now, I think if we look back in time, I think where the organization started to get off course, Craig, is when there

was a kind of a dictate for speed of construction. And the surround, the internal controls that we talked about a little while ago, perhaps weren't put in place quick enough. I think they're there now. I think that all deliberate speed is how I would describe it. And I think there needs to be a balance, there needs to be a blend. But these are our kids.

MR. MARICONDO: The one comment, if I may, Assemblyman, is also say that speed doesn't necessarily get you efficiency. And there's where I think, potentially, the waste aspect of this all comes in. There needs to be an order, a process. I mean, let's just pick a number. Let's say all of a sudden, 5 billion more dollars became available, and I have no idea how much it's going to cost. I'm just picking a number out of the sky. You can't manage that \$5 billion all at one time. You have to take a traunch, a piece of that 5 billion -- let's call it a billion -- and manage that billion first. Get the projects that are associated to be built next with that billion. Do that. Move down that path. Get to a point where it's then appropriate to take the next billion and manage that billion to a plan of 50 schools, let's say. It can't be done -- you just can't throw 5 billion into a pipeline and all at once expect to build 300 schools. It's not going to happen. You're going to have to do it piece by piece by piece, layered in, and that's the only way I think that you can do it.

ASSEMBLYMAN STANLEY: Thank you.

When I was referring to speed-- And I appreciate there needs to be a process and that's the problem that got us in this in the first place -- there was no process. When I referred to urgency, I mean that we are doing everything possible within our--

MR. MARICONDO: Yes.

ASSEMBLYMAN STANLEY: --own internal organization--

MR. KOEPPE: Yes, that's a fair comment.

ASSEMBLYMAN STANLEY: --to implement changes needed to give us the type of assurances that we need in order to move forward with a certain comfort level. I'm not saying that we just willy-nilly, or whatever the term is, get it done. Yes. What I'm saying is that, yes, there's got to be a certain amount of urgency. And I understand this from organizations. I know some organizations are just from -- they have a history or they have a certain just lethargic sort of way, a methodical way they go about-- I've seen that. And what I'm asking is, do we have the urgency, do we have the fire and ability to reform the SCC and make assurances to us?

And I'm sure Senator Rice will talk to you about it, also, probably a little later on -- is when we do put together the next measure that will allocate some funding, I'm sure that there will be some safeguards in there to have assurances and reporting come back to members of the Legislature -- certainly members of the Education Committees and the Joint Committee -- to ensure that we have full accountability. But again, I believe that this is an emergency issue, and I think we have to respond accordingly.

Thank you very much, gentlemen.

MR. KOEPPE: I couldn't agree with you more. (applause)

SENATOR RICE: Our next speaker is going to be Senator Martin, and after that is going to be Assemblyman Malone. But let me just say this: in construction, the key to saving money is speed and quality -- with Katrina, Rita, everything going to China. And I think the

Assemblyman is right, you have to measure that. But there's a relationship between how you measure it. You can't say we measure this billion dollars right here without recognizing there's something else going with it. In other words, you can't have this hanging out here, because it's going to cost us this. And like you said, you have 5 billion here, and the next thing you know you need more because of the way it was managed and the variables that's plugged into construction elements that may not be recognized.

That's why it's important that you maintain the quality of people you have on a team, who understand, number one, urban -- who understand urban dwellers and thinking, but more importantly, understand construction and some of the intricacies that go into it. Because it's a little bit different than the corporate side if you're not coming from a corporation of construction. Certainly corporations get involved with construction, but a lot of times the finance people, over on this side, manages something else. But you can do that.

Construction is a whole different monster in itself, with a lot of politics in it, too. And it's the barriers that cost the dollars. Speed and quality is the key for the contractors and for the workers to make money, plus to get out projects in a reasonable period of time, but also making sure that there's certainty as to when we begin and when we end.

Senator Martin.

SENATOR MARTIN: Thank you.

Mr. Koeppe, I know you're good, but I think you'll be tested in this process. I don't envy you. I just have a couple questions. I guess the most disturbing thing is something I knew, but I appreciate your candor when you said there have been promises already made that will not be kept,

which of course is of concern to a great many people who were relying that those promises would be made. So one question I would -- to the best of your ability, do you know what the amount of money -- because it's about money, it seems to me -- but how much it would take to at least realize the commitments that have already been made in terms of promises? How much that would cost?

MR. KOEPPE: Bob, here's the problem with that. I'm sorry, Senator. The problem with that is when I referred to promises made, these promises were not made necessarily in a contractual form. Any contractual promises we've honored for existing-- An example, rather, would be land acquisition issues, where we've entered into a contract with a party if the school's not going to be completed or under construction. Those of any legal obligations -- promises in that respect are in the process of being kept or have been kept. All right? So that sets aside one piece of that.

There are moral obligations which we saw, perhaps, in the situation where we had the young man from Irvington, the Iraqi soldier, the returning soldier. There was a moral obligation the corporation move forward. The promises that I was referring to that were made were promises in the form of expectations. Right? The Department of Education approved an additional 334 projects. Every single one of those approvals brings with it an expectation of fulfillment, all right? And not wrongly, rightly, for those people that are sending those children to those schools in that district. So their expectations were to have -- that this program would fulfill those promises, that DOE approval. It's not going to occur with this traunch of funds.

I would expect, Bob, that at some point, the DOE will have their long-range facility plans completed. Then the SCC, sometime let's say next year, has the obligation to assess how much that the actual numbers would cost for construction. There are numbers that range from here to there, right now. They're mostly speculation. But the promises that are broken are promises of expectations that are at the root of the approval process. Any legal obligations and moral obligations that we can fulfill, we're doing.

SENATOR MARTIN: I take that -- and I appreciate the distinction.

MR. KOEPPE: Yes.

SENATOR MARTIN: But my understanding is, you don't have a number as to what those expectation numbers were? That being said, it's been talked about and a particular concern in my district, but it applies across the state, as you well know. There were a number of referenda that came up, and there are districts who, I gather, are still uncertain as to whether they will get that 40 percent or some other figure that they had relied upon, and which they had used as part of their sell, if you will, to the district in terms of whether the bond referendum was approved. So to the extent of those districts who got approvals, I have two questions. One, who will tell them whether or not they're going to be a winner or a loser, and do you have any -- because it may not be your role, as you're indicating.

MR. KOEPPE: Right.

SENATOR MARTIN: I'm not sure who it is, but I'd like to know who it is. And when do you anticipate that word will be there so that they can at least go forward and plan with the good or bad news?

MR. KOEPPE: Yes. I mentioned earlier that we'd asked the DOE and the Attorney General's office to give us a recommendation of the prioritization for the remaining \$60 million. Attendant to that recommendation will also be, particularly from DOE, a recommendation as to the next steps to take forward for those districts that don't fall within that 60 million. This is a classic case of demand exceeding supply in this case. It is the amount of requests for that grant-in-aid from legitimate needs that outpace the original allocation of funds. I don't have an assessment of how much is out there in terms of DOE approvals, but I think that we could follow up on that, if that helps. If I could imagine, it will be more than 60 million.

MR. MARICONDO: If I may also comment on that. Requests by districts are going into the DOE to approve their requests for any grant money, etc. So some of those make it to us, but that's not the guarantee that they're going to get the money even when it gets to us. At that point, there needs to be a letter confirming it, with the district, that the money is available. And so when we send that letter to the district, that creates the obligation. We don't know, for example, what's at the DOE, what obligations, or what requests exist there, what we have in our shop, for example. So it's in how many of the districts have completed their five-year studies. If someone said to me, "Give us an estimate as to what it's going to take to do these hundred projects," we can work up an estimate on something that's finite. Because the information doesn't necessarily exist all

in one place, it's difficult to come up with a finite answer. Now, I'm talking like an accountant, which I am.

SENATOR MARTIN: No, I understand. But I think my question was simple. I've got districts who are writing me saying, "We don't know whether we're going to get our money or not, based upon what all these sorrowful stories that have come out of Trenton." Could you at least find out whether we are going to or not, or who do we even contact -- they or me or anyone else? And I guess the answer is at DOE?

MR. KOEPPE: I think the first stop on that train, I think, is the DOE, to determine whether the grants were approved. That's question number one. Then if they were approved, do we have those-- There's been correspondence out to the districts, that's why I'm hesitating somewhat, Senator, because there's been correspondence from the DOE out to the districts sometime in June which informed them of the shortage of funds and for the grant-in-aid program. There's also been communication from the SCC to the districts saying, "Look, we're down to a few precious dollars." So there's communications already out there. I think the DOE is the first stop.

And the question to ask the district, frankly, is what is the status of the approval process at the DOE? Have they been informed by the DOE that they've been approved? If they have been approved, then it's the SCC that has the obligation, then, to reach out to the district and say, "Okay, we have reserved funds and committed  $X$  amount of funds, based upon a DOE recommendation. The ball is now in your court, district, get a referendum forward." And you have, I believe, 180 days to do that. So the question becomes different for different districts, depending upon where

their status is. But the first question is to them, "Have you been approved by the DOE?" If they say, "We haven't," then it's the DOE that can get you the answer.

I will say this. We'll follow up today and get an answer for you, and get through to the DOE; and to the extent that we need to go through our own records, we will. But that's -- the process is split to some extent, and the district should know where they stand either between DOE or with SCC.

SENATOR MARTIN: Thank you.

I think some of them stand in limbo, though. Anyway, but I do appreciate what you're doing.

Thank you.

SENATOR RICE: Our next speaker is Assemblyman Malone.

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

Mr. Koeppe, let me tell you something. I can't understand why you'd ever take on this task, but I'm going to say I have been distressed by this situation since Caren Franzini was taken off of this project. I can honestly say, after listening to you two today, that I have a level of relief -- not a whole heck of a lot -- because you've got-- But I do have a sense that we might be going in a direction that people can have a little bit of faith and trust and credibility in the SCC. So keep up the good work and just do whatever you have to do.

I'm going to have some questions -- I don't expect to have answers right today. And I am sending it -- I will forward it to you in writing. But there are a couple of items that I think really have been

brought out today by Senator Martin. So really, the hand that the Department of Education may be playing in this, in giving you projects to fund that may or may not be legitimate needs, and what criteria they used -- is it the mischief of children and then you have to pay the bill? I just wonder what process was used in the Department, if you know, in selecting the schools, the criteria that was used, and how that process moved forward? I now see that if we are just totally depending on the five-year plan to move forward for construction, anybody can make up a Christmas wish list. And if the Department of Education signs off with it and you have to fund it, that's a serious flaw in the way we've allocated these funds.

MR. KOEPPE: All right. I don't know the internal decision making of the Department of Education, you're correct there. I will say this, the model of accountability that we laid out here and that we're trying to put in process at the SCC, I think it's applicable to the DOE. I think it's applicable -- I know it's applicable to EDA, because, frankly, we have it in place at EDA. I chair EDA. So I think that no-nonsense ability to look down at the project details, to test the judgments that were made, is applicable to every -- just as it is to every arm of corporation, to every arm of State Government.

So, by the way, I don't mean this to -- I am not implying that I think that the Department of Education doesn't proceed that way. I'm pretty impressed by the work that they do with a very large portfolio of tough projects to handle. My philosophy, as a corporate leader, has always been: have the ability to drill down to whatever level of detail satisfies you, so that you know exactly what's going on at every level of the organization,

if you have to learn it. And that's something I think that's important to put in process.

ASSEMBLYMAN MALONE: Do you have a list of the projects that are in the pipeline for the foreseeable future?

MR. KOEPPE: Yes.

ASSEMBLYMAN MALONE: And is there estimates associated with those projects in the pipeline?

MR. KOEPPE: Yes, with a caveat.

ASSEMBLYMAN MALONE: And I don't just mean the pipeline that -- this pipeline is like the Transcontinental pipeline here.

MR. KOEPPE: Yes.

ASSEMBLYMAN MALONE: We need to have a grasp on, as the Assemblyman said, what we're looking at as far as an overall cost. If you could give us, if you have a listing of those specific projects that are in the pipeline and their projected cost, based on the school districts giving you the information, I think that document would be interesting to have for the members of the Committee.

MR. KOEPPE: Yes. We will provide that. Although, Peter will be the first to tell you that part of what he has recognized he has to do is to test those exact numbers. Because as we've mentioned earlier in the testimony, the amount of -- the budgeting process was very soft. Actually, some would say it was non-existent at a project-level detail. So even for those projects in the pipeline, Peter has -- he knows that part of the exercise here is to test those assumptions so that those numbers are as accurate as we can make them. Bearing in mind that when you're at early stages of development, you're always going to have something that is unpredictable.

ASSEMBLYMAN MALONE: Do we have a list of schools and/or acquisitions of land for schools that was either a Brownfield site or in some way contaminated, so that the public can see that? Because that has been a major, major source of contention. I would think that the public and we, as a Committee, should be aware if there is wholesale purchases or acquisitions of Superfund sites, or Brownfield sites, or some way contaminated sites that we'd want to risk putting school buildings on. Do we know? Do we have that list?

MR. MARICONDO: Well, there's work that's done before we acquire any piece of property to determine -- an environmental evaluation before we acquire the property. Which, quite frankly -- that's been one of my focal points to ensure that that process is working. We're doing all that we can to identify-- Can I tell you for a fact, right now, do I know every single piece of property? I don't have-- I'm not sure, but I can get you that information.

ASSEMBLYMAN MALONE: Rhetorically, why would we even want to think--

MR. MARICONDO: Exactly.

ASSEMBLYMAN MALONE: --about putting a school--

MR. MARICONDO: Exactly.

ASSEMBLYMAN MALONE: --on a site that has been contaminated or is-- I don't care how much you clean it up. Twenty years from now, we're going to find out that we have problems. I just find that to be serious, serious (applause) thought process in its proficiency, either at the Department or the SCC, that needs to be cleaned up before we dare put children in harm's way like that.

Another item was brought to my attention, and this is something that I was a little bit puzzled about, and maybe you can shed some light on this. I understand that we're encouraging small businesses, minority ownership businesses to get involved, but we're requiring that they be partnered with major corporations, so that the major corporations do the lion's share of the work. Is that a true statement?

MR. KOEPPE: Well, we're going to be out of the scope of my knowledge. But I think the short answer to that is that there are some requirements that are not necessarily SCC requirements, Assemblyman. I would-- Rare occasion, if Peter can't answer it, we could hand it off, but I could follow that up. There is some tortured--

ASSEMBLYMAN MALONE: My concern is this -- and we need to clean up the credibility of SCC. We need to know if front corporations are being developed because of all the pressure that's been put on some of the major construction companies and management firms, that we aren't just developing a cadre of small business, women-owned, minority-owned businesses as fronts for major corporations to funnel money back through. And I think that is something that needs to be addressed and answered emphatically as to what that situation is.

MR. KOEPPE: Yes. I can answer that point in a different way, because your concerns were similar to the Board's concerns. At the last Board meeting, the Board of Directors of the SCC formed a committee to look at the small business and minority business issues, particularly for issues that you described. Not only outreach, but also monitoring and sanctions, if necessary. I will say that the corporation has had mixed success here. I think there is some areas that it has done well, and some

areas that it has not. We did form a special committee of the Board. I'm chairing it. And I expect that we'll be reaching out to people that are knowledgeable outside of the SCC to give us advice and counsel, and for best practices. I think that's an area that needs scrutiny and hard work. I have to say, I haven't turned to it aggressively up to now, but I think that by the end of the year, we'll know what we're doing there. And your cautions are well-placed.

ASSEMBLYMAN MALONE: Let me just -- one concluding comment. I have been a big fan of Caren Franzini, when she was at EDA -- and still is. I just regret, in hindsight, that we just didn't leave it. As you say, this thing was like a runaway train after the last three years, with the spigots being opened as wide as they could be, just hoping-- As you said, we should never, ever move forward again with that kind of largess being thrown out on the table. Because it just creates the kind of situation and the debacle. And I will honestly say, knowing the members of the Legislature over the years I've been there, I think all of us, on the bipartisan way, are just astounded and appalled by this debacle. And none of us would ever want to ever vote for a situation that could turn into this kind of a monster again, and rob school children of the opportunity to have the appropriate school building and the facilities they need to get a good education.

I just think it's -- as somebody who's been in education myself for over 30 years, it just cries out for leadership like the two of you are providing. And I know it's a yeoman's task, but I just urge you to be as tenacious -- and if there's corruption or if there's mismanagement, throw

the bums under the bus and just move on, so that the school children and the people in this state can have an education. (applause)

Thank you very much.

SENATOR RICE: Thank you.

Our next speaker is going to be Assemblyman Diegnan.

But let me say this to you, Mr. Chair and CEO, test those dollars against what's in -- the dollar amount against what's in the pipeline right away. As it stands, Assemblyman Craig Stanley, to my right, and myself, have a bill in for \$3 billion that needs to go forward. That bill was put in after discussions long before SCC hit the newspaper, with the recognition that we were (indiscernible) the dollars in Fiscal Year 2005 and the beginning of 2006. The idea of the \$3 billion was to actually get us through 2006 so we could analyze that whole process, as well as the number of schools. Because as you know, we started back here with nothing, assembling land and doing all those kinds of things, and not knowing how many shovels can go when.

Most of these projects are at a level now, between the design stage, the acquisition stage, that we have a good idea, district by district -- or you have a good idea as to when the expectations will be, if the dollars were there, that they should go into the ground. But the 3 billion was before Katrina. The 3 billion was before Rita. It was after we knew the cost went up because of China. We don't know what God has in store for tomorrow. If the 3 billion need to be more, we need to know that.

Because in January, with or without help from anybody, we're going to push full steam ahead to get these bills out of Committee and to the new governor's desk. And that may be politics involved, it may be

fighting, it may be name calling, but the kids of New Jersey have to come first. Because I find it appalling to me that, number one, we have institutions that need to be built and someplace along the line, some of the money, not most of the money, may have been managed or administered in the wrong way for a lot of reasons. The governors, not governor, the governors get blamed for that. The Legislature get blamed for that. And then it's the unknowns that we just didn't know that we should have foreseen.

But I've seen prison systems in this state being built, and I've been here a long time. In fact, Essex County is a good example where the dollars got all messed up. But guess what? They never stopped construction on the prison. It kept going forward. And so we can't stop construction on projects that are ready to go in the pipeline. Because the day that a Republican or a Democrat, or someone black, white, Latino, young or old, tells me that prisons are more important than schools, we can let prisons go forward regardless of what happens to the dollars, then that's the day that I'm going to really go off on somebody. So I need to know right away, through the Chair -- right away -- what those numbers look like. And I'm talking about the Abbott and non-Abbott districts. I've got to know.

Right now, we're looking at 3 billion. You tell me it's 3.5, then we're going to fight that battle. If you tell me it's 5 billion, we're going to fight that battle, win or lose it. But we're going to fight it with the wrath of the taxpayers and voters. And all those have a righteous, vested interest in seeing that these schools get built, the ones that's ready to go, whether they're in the East Ward of Newark or the South Ward of Newark or the

North Ward, or whether it's in Burlington County or Cumberland County, whether it's Paterson. (applause) We think we have enough support to make this happen without going back to court. But I need numbers. The worst thing that could happen is that we push and you come before us and say, "Well, you know, you need some more money." I'm telling you right now, I want to know, through the Chair, as soon as possible what those numbers look like to get projects that are ready to go, and projects that should have gone, such as the ones in the East Ward, some of those in Newark, other wards, some of those in Cumberland -- because those numbers are in the 3 billion. We want to know, what they are? Hopefully, I'm clear on that? Am I?

MR. KOEPPE: Yes, I think we are clear on that. Actually, I think that we mentioned, I guess, that we would have that information to you.

SENATOR RICE: Okay.

Now the next speaker is Assemblyman Diegnan, then there's Senator Kean, then there's Assemblyman (*sic*) Doria, Assemblyman Baroni, okay, Assemblywoman Voss. I just want to make sure. You all kind of watch each other now, in case I miss you, okay.

SENATOR KEAN: You demoted the Senator.

SENATOR RICE: The Senator? I'm sorry. Senator Doria. That's what I said, Senator. (laughter) Hey, look, the guy wore a lot of hats for a long time, I got to get used to it. Mr. Speaker, I should be saying.

ASSEMBLYMAN DIEGNAN: Well, you made Baroni a senator too, so--

SENATOR RICE: Hey, what can I say?

ASSEMBLYMAN DIEGNAN: First of all, Mr. Koeppe, just thank you for your service to the State of New Jersey. To take on this task without compensation and do the remarkable job that you have done has enhanced your reputation even more, which I thought was impossible, since you have a sterling reputation. The only thing I could hope is that you would reconsider and extend your tenure, because you have really straightened out an absolute mess for the State of New Jersey, and just thank you for your service.

MR. KOEPPE: Thank you, Assemblyman. (applause)

ASSEMBLYMAN DIEGNAN: That being said, the way I see the issues before us today -- there are really two issues. First of all, how to allocate the funds, the finite funds that we have. And I have a very good confidence level that you have put into place systems and procedures to properly spend that money and to prioritize the schools that need to be built. However, I love the expression that says, "Every crisis is an opportunity." We are clearly at a crisis in a school construction program in the State of New Jersey. As Senator Rice has articulated and Assemblyman Stanley has articulated clearly, we're going to have to commit funds. And I think everyone knows we're going to have to commit funds. And there is a moral obligation to do that. But as elected officials, we also have a moral obligation to be certain that those funds are not wastefully spent. And they have been wastefully spent, to this date, in some areas. And you honestly admitted that early on, through no fault of yours. You've straightened it out.

I just believe that the process in terms of the Abbott districts is too complicated. I'm just going to make an observation. (applause) The

non-Abbott districts, as you pointed out very clearly, get a check. They come before you, they go through the bidding process, they identify the project, they go through the architectural, and then the State of New Jersey gives them a check. Abbott, we have this complicated, convoluted system with acquiring property, appraisals, phase one, phase two, architectural plans. Do you think, and I would like your observation on this, do you think that we could devise a plan for the Abbott districts similar to the plan for the non-Abbott districts? Maybe break the state-- (applause) Possibly break the state into regions, let's say, and identify what construction costs would be per region, multiply that times the number of students, and just write a check. If the district comes up short, then it's the district's obligation to deal with that. That would engage the citizenry. If they do it at a more economical rate, then they keep the difference. But it just seems that this whole process that we have put into place is just way too complicated, and I'd appreciate your input on that.

MR. KOEPPE: And I do -- I absolutely have an opinion on that, Assemblyman. I believe that it is much too complicated a process for the Abbott districts. I think that a sensible review of this program at large, along the lines of what I talked about earlier with the overlapping bureaucracies -- I could have included the overlapping bureaucracies and included the districts as well, particularly for the Abbotts. I think there is a real opportunity to simplify matters. I don't know enough about it to say that simply cutting a check would do the trick. I don't know enough about it. But I think that's a general direction I would head to simplify the process. Put autonomy, responsibility, and accountability at the district level, properly monitor it, obviously, because it would be immense State

funds that they'd be administering. But, yes, do I think that is a direction that would be one absolutely worth reviewing and exploring? I'd encourage that, yes.

SENATOR RICE: Thank you.

Senator Kean.

SENATOR KEAN: Thank you, Mr. Chairman

Chairman Koeppe, it's good to see you. I want to thank you for all of your passion and dedication that you do bring to this job, and the hard work that you've done for the citizens of this state over the entirety of your careers. Thank you for coming here today and answering all our questions.

I've got one follow-up on Senator Martin's question, for a quick second. There's a difference between the Abbott and the non-Abbott regularly operated school districts, whatever the current term of ours is, regarding the process by which the, let's say, the obligations were entered into-- In the regularly operated school districts, there was a referenda that was passed. Can you inform us if there are any -- if there's a difference in terms of legal obligation, or what have you, to the voters who supported or didn't support the referenda at that juncture? At what point, and what obligations exist, if any, because those referenda had, "Shall the board of education do this?" Is there any obligation on those board of educations/municipalities on that end point?

MR. KOEPPE: I wish I could answer and put my legal hat on and answer you, Senator, but I don't-- That's not something that I have either investigated, nor do I have the knowledge, generally, from my background as a lawyer. I do know that I would expect that the Attorney

General's office is probably looking at that, as they look at the entire non-Abbott issue.

MR. MARICONDO: I don't have an answer to that, as well. I don't know as well.

SENATOR KEAN: I guess the frustration that I would have then, as we saw what happened in the Abbott school districts where there is -- that final 1.4 went out the door. And as you indicated, there were many, many promises made that were in excess of that amount. And we thank you for coming in to try to fix the problems that we've seen. But we all knew what was coming, that the referenda were coming down the pike in September at that juncture. Was anybody working with the school districts to say, "This may or may not be down -- happen?"

MR. KOEPPE: The answer to that is, yes, actually. The Department of Education had informed the districts, I believe in June, that the funding was diminishing significantly. I don't have that information in front of me. I'm speaking out of a recollection that they did. I believe that they had informed the districts that there was a declining amount of funds and that they should look for -- that the grant money essentially was running out, and they should be aware that their referendums may have to encompass some form of debt as well -- State-assisted debt.

SENATOR KEAN: If you're on a school board and you're trying to put this out, it's better to apply with a potentiality of getting a 40 percent, if you know you've got a construction need for the children, versus not applying. So it's almost a situation where they had to ask for it. Because if they didn't ask for it, then the money -- the amount for the ask would be less statewide, but then somebody else would definitely get the

money, and not that school district. So I know in my district, we had a couple of school districts that were pondering this back and forth. It creates a very difficult circumstance for Abbott, non-Abbott as well, in this regard.

MR. KOEPPE: First of all, I'd say that my candid assessment is that that part of the program was not well run either. I think that checks and balances and communications between DOE, SCC, and the districts could be improved. I think, probably, as we move to -- I don't know what the next iteration of the program is. We have \$60 million left. So it's almost not worth debating the issue for that 60 million. But it is if, in fact, we move forward, if the Legislature moves forward with additional funding that is similarly structured -- an underlying process that's transparent, that people can rely on. This is an old song. I think I've said this so many times since May, as I've looked at different issues in this Corporation. It's got to be tuned up, it's got to be thoughtfully put together, and it has to have accountability.

I agree. This is a frustrating process (indiscernible).

MR. MARICONDO: Somehow it has to be simplified. I don't know-- It has to be simplified. There has to be -- well understood across all agencies, all constituencies, everyone has to know exactly how the process works. But there's a lot of confusion out there, and that involves not just the agencies in Trenton, but it involves the districts as well.

SENATOR KEAN: We've, not only as the members of this Committee but as citizens in the state over the years, have heard and read issues related to malfeasance, corruption, incompetence, up and down the pike. And when -- I think Assemblyman Malone mentioned this a little bit -- the site selection process seems to me horribly broken, in that individuals

in the past may have selected the hardest to clean up selections. And they, all the time, put their school on there and then allow for development to occur for other public uses in other areas of the municipality. And that's just wrong.

How can we get down to these-- I liked your comment about the school-district specific accountability standards by which you're going to have this laser-like focus down. How do we get to that point?

MR. KOEPPE: I think there's a couple of directions. But most recently, just in the past 30 days, the Board approved new land acquisition guidelines. The SCC Board approved new land acquisition guidelines for the organization, applicable to the acquisition of sites. Those acquisition guidelines affirmatively address a lot of the issues that were cited by the Inspector General in terms of opportunities for improvement, as well as just corporate best practices. But the art here, I believe ultimately, on land acquisition will have to include legislative change in some respects. So as I look at our own land acquisition guidelines -- I didn't bring them today. I didn't expect that we'd be chatting about them. Those acquisition guidelines kind of surround the boundaries of what an independent authority like the SCC can do. But I think in terms of muscle, penalties, enforcement, and also efficiencies, I think sensible legislative change is going to be called for in land acquisition.

You're right to say that it was an area that I think needed improvement. We recognized that as a Board of Directors, and in fact, the staff did a good job putting together guidelines based on best practices. We'll enforce them, but I don't think they'll be as broad in scope as we may

be satisfied with, going forward with the program. I think we'll need legislative change.

SENATOR KEAN: And then the final area of questioning, through you, Mr. Chairman, relates to project management firms. And in your recommendation, you -- and it also implements mass specs on reducing the responsibilities of these management firms and relying on in-house construction managers and permanent staff. Number one, how is that reform going? Number two, do you include in that -- are you hiring new people, and how many people have you hired to look at this situation?

MR. KOEPPE: Why don't I step back. I'll answer the last question first. And that is, we're about 20 people short of -- maybe 25 people short of our budget for this year. And since May, we've lost about 15 people. So we are-- The School Construction Corporation at large, even though Peter created an entire financial organization from scratch -- the organization itself has actually attrited for a variety of reasons. Some of them good reasons, and some of them simply -- people who found they didn't care to play on a team any longer. So the organization has attrited. I think it's a much more efficient organization. As you can see, there's some real confidence coming into the organization, particularly in a financial area.

There is an issue here with the PMFs. The diminishment of PMF responsibility makes sense, but there's a tradeoff when you do that. Not all project management firms are suboptimal. Some of them do a very good job. So it's not one brush that can paint the entire process. Secondly, the assumption that we move project management -- by the way, I'm

talking as if I'm an operational guy who runs -- I'm actually not; I'm the Chair. But it's an important issue. Here's what I know about it.

In terms of removing PMFs, you need somebody to be a ramrod inside the business that can run those projects. There's no question about it. Do we have that level of competency and do we have enough of it on the property? I think that is something that we need to work on aggressively. Design and construction is the heart of the business. We have some very talented people in the organization. We have some people that I think can improve their work effort. I think there's a marketplace out there where we can pick up people.

Frankly, Senator, a tough situation on the personnel side for this organization. It's the same thing for the Board of Directors, by the way. This is not necessarily a place that people are lining up outside to get into the front door. (laughter) That's the fact of the matter. Its reputation has been tarnished. It's got a noble purpose -- it's got a noble purpose -- but it's a noble purpose whose -- and an organization whose reputation -- it still has to be rebuilt. And it's very difficult to find strong, competent people. Peter is an exception, and a number of others that Peter had added. We've added a new person to design and construction just today. People that are old hands that know the area, that are experienced. The Board of Directors has the same issue. This is -- for a Board that has this kind of responsibility, which is obviously not a compensated Board, it is hard to find people who will put the time in, particularly when the perception is that it's broken. So that's tough.

On the project management firms, I think there will be no instant relief there. I think it's going to take some time, because the last

thing we want to do, as a Board or as management, is to delay the construction process even for a day. We need to move forward with that to build the schools.

MR. MARICONDO: We have to keep the schools. We've got to build the schools.

MR. KOEPPE: So it's a tough one. This is a very tough one, Senator.

SENATOR KEAN: Thank you, Mr. Chairman.

SENATOR RICE: Thank you.

Our next speaker is going to be Senator Doria. But let me say to the Committee members and to SCC, I've been a part of this process from day one, from legislation all the way to watching the court system. I'm going to caution you on what you do with the project management groups. You're right, they're necessary. You can call them necessary evils, call them what you want to call them, but I don't see them being removed without a fight in the near future. A lot of what we depend on, for better or for worse, has started with the inception of this program over five years ago, in terms of relationship building, knowledge, etc.

And so, there's some ways to save dollars and there's some ways you can't save dollars. You may have to balance what they do, but I do not see them eliminated, etc. But I just wanted to at least keep on the record, as I hear things, I want to throw the other side out so that my members can be somewhat objective in their thinking, like I'm going to try to be too. Once again, some can be problematic, some can't. There are things that they can do.

The problem was, is that, and I think the Assemblyman raised it, when we started this, they took everything away from the local control people. If you talk about the assemblance of land, believe me, there are people in Jersey City that assemble land every day. All they do is go and use the people. And so McNeill was working back to those little things that can be done locally, with oversight and control, but can be done locally. And had they paid attention back then, some of this delay that's causing money would not have occurred.

And I want SCC to stop painting, through interpretation and implication, because every time I hear you speak at the leadership, you make this picture sound horrible. The picture sounds horrible, a lot more horrible than it is. It is bad, but it's sounding worse because those of us who are playing politics with it, including the media, put this big nasty stigma on it and downplay the realities of where some of those dollars legitimately went and why. And once again, the Chinas, the cost, and things -- like the delays caused by the State, not SCC. It says bad, and we have to straighten it up. But stop blowing it out of proportion, like we got this monster. That's good politics as apple pie and motherhood, but it's not getting my schools in the ground.

And so I would hope that if it is your program now -- you're at the helm -- that I would hope that you would put a little bit more flower to it. I'm not saying to cover something that's bad, but talk about the good side of it, too. I've yet to hear you even talk about the good side of your own house, and there happens to be some of the people working there, as well as the projects that's going, and the relationships that we have with some of these school districts. Just listen to the school district sometime.

I'm sorry, Senator.

SENATOR DORIA: No problem at all.

Thank you.

MR. KOEPPE: May I answer the Senator?

Ron, I want to make sure I understand what you're saying to me. Because quite frankly, I'm going to give you as an objective a view of this organization as I can, and I have done that, with an eye towards fixing what's broken. There is a lot that has been done here. I mentioned it in my testimony. I have a lot of respect for a number of the people on the Schools Construction Corporation. The one thing I won't do is blink away the challenges that this organization has, and it does.

SENATOR RICE: Mr. Chairman, I don't disagree with you. I think you're missing my point. My point is, is that talk-- One thing about the city of Newark, and you're there -- all we get is negative press. No one talks about anything good. My point is, balance your concerns -- that the goodness that the organization has done. That's all I'm saying. Not you personally, but everybody in the organization. You have done some good work, even though we have bounced. And we're going to bounce back. But it's coming out -- and when we said, and we build it up like, "This thing was totally horrible when I took over." Well, it's not totally horrible. You have taken over corporations that were bad. We just didn't put it in the newspaper. We got it right. But the point is, is that, give it more balance. Let the public feel good about what has happened, is happening, that's good. Let them feel good about the fact that under your leadership we are putting things back in perspective so we can move forward. That's what I'm saying. I don't disagree with you. And I think you're taking it the wrong

way, and maybe we can have lunch over it. I'm being honest. We go way back, but you're misreading me, and I will fight for what's right. And you know that. But I think you're misreading what I'm saying. What I'm saying is that stop saying SCC is the worst thing in the world. Stop saying that everything from day one was totally wrong and bad because of SCC; and its personnel. Talk about the Governor, okay, if you have to. Talk about project labor agreement. Talk about the things that we know. Talk about, yes, there may be one or two personnel, maybe some still are there. Talk about the legislators and relationships. But stop saying it's all SCC as an organization. Because you can wipe out SCC tomorrow and put in all new people and call it something else -- it is still an organization with a mission, the same mission. That's all I'm saying. (applause) And you don't have to respond to that.

Senator.

SENATOR DORIA: Thank you. Thank you, Mr. Chairman.

I just want to begin by also thanking Mr. Koeppe for having taken on this very difficult task. And I think that what the Chairman just said is appropriate. I think that all of us agree that the mission of the SCC is a very important mission. The job that they're doing in building and renovating the schools in the State of New Jersey is a very important mission. And I think that all of us agree that the SCC, given some of what was established by the legislation, could only go so far. So I want to thank you, Mr. Koeppe, because I think you are doing an excellent job, and I want to commend you for taking this on as a volunteer, as you have in so many other responsibilities in the State.

I just want to go a little bit into the governance structure and some of the issues. Because as we talk about refunding, which I think we are, I think we need to look at those issues. I opposed the independent structure that was included in the original piece of legislation. And we solved that problem to a degree by placing it in EDA. And then we created a problem again by creating the SCC. And I'm not going to ask for a response, positive or negative, I'm going to say that's my perception. So I agree with Assemblyman Malone that if we had stayed with Caren Franzini and the EDA, it would have been better.

My first question relates to the relationship with DOE. Do you or do you not believe that there should be a closer relationship and a more symbiotic relationship between the SCC, or whatever is responsible for building the schools, and the Department of Education?

MR. KOEPPE: Yes. No question about it, Senator. I think there is a clear need for more cooperation between the SCC, the DOE, and the local districts. There's no question in my mind about that. For whatever reason, there's an insularity around each of those organizations. I think, going forward, if there's going to be a productive -- an efficient school construction program, then, in particular, DOE and SCC have to be hand in glove. And from my observations, is that they have worked very well in the 10 years, since May, that I've been on the property, quite frankly. And I think part of that is because of the sense of urgency that grew out of the Inspector General's report. And I think -- but going forward, as you look at governance, and structure, and how to define accountabilities between those two organizations, I think that cooperation is necessary.

SENATOR DORIA: And taking it one step further with what Assemblyman Diegnan had to say, that the need to tie the districts in, into the process, and create responsibilities for the districts is also important. Am I correct?

MR. KOEPPE: Yes. There's no question about it. I think, frankly, it's not a hard code to break. I mean, it's getting the parties involved who have the most to lose and have the most responsibility for the kids, and I think that includes DOE. SCC is really a vehicle for brick and mortar. And the district has the obligation, along with DOE, for educational requirements.

MR. MARICONDO: Absolutely.

MR. KOEPPE: Coupling those three makes sense.

SENATOR DORIA: Unfortunately, the previous administration that was responsible for this legislation felt that local districts, especially Abbott districts, didn't know how to do it and couldn't do it. I always disagreed on that, and I think a number of us disagreed on that, and that was part of what happened here. (applause)

My next question, as it relates to projects: Who actually evaluates the project to determine that the project needs to be built the way it's going to be built? First, the evaluation: Do we need to do building, or can we do a renovation or an addition? Is it as educationally adequate? And then, how do we go about the building process? How does that coordinate? I know DOE reviews projects for educational adequacy, but does anybody look at the buildings themselves and determine, "Okay, this building is 75 years old and it should be torn down because it has a wooden staircase, but this other building is 70 years old, and actually if we do some

renovations to it and we add an addition,” like I’ve done in Bayonne with a number of schools, “can we keep that school, rather than build a new one?” Has anybody sat down and actually done that?

MR. KOEPPE: First of all, you’re going to test my historical knowledge of the program. But I will say that, in fact, DOE and the school districts have that accountability.

SENATOR DORIA: But you can’t answer whether that’s been done or not, obviously?

MR. KOEPPE: I assume that that’s the process that they were mandated to follow by the Legislature, and consistent with the court order. And they’re doing it. I haven’t had the occasion to verify that.

SENATOR DORIA: That’s a question that, really, we should ask DOE at some point.

MR. MARICONDO: Could it be done better, you know?

SENATOR DORIA: Yes. Could it be done better, that’s a good question.

And then the prioritizing of the projects: Who actually prioritizes them, DOE or the Schools Construction Corporation?

MR. KOEPPE: That comes out of the long-range facility plans that are submitted to the DOE and--

SENATOR DORIA: The five-year plans?

MR. KOEPPE: That’s correct.

SENATOR DORIA: So it’s really based upon the five-year plans that the local districts set up, reviewed by DOE, and then--

MR. KOEPPE: That’s correct.

SENATOR DORIA: --in using those five-year plans, the determination is then made.

MR. MARICONDO: Absolutely.

MR. KOEPPE: Right. But then the issue becomes, as the construction begins, construction may-- For example, a school that is high in the hierarchy may have land acquisition or environmental problems. So rather than await the resolution of those issues, other schools in that hierarchy may move forward at a faster pace. That's just the practical needs of construction.

SENATOR DORIA: And that's obviously based on a district-by-district decision, because those plans are uniquely related to each specific district -- that five-year plan?

MR. KOEPPE: See, you're getting ahead of me, but it's project by project, essentially. When you're doing the construction, it's over a whole range of projects within a district and within a state.

SENATOR DORIA: This is my question. Have we, in each district, prioritized so that we don't find ourselves trying to do too much at one time?

MR. MARICONDO: That's the key.

MR. KOEPPE: That is the key.

MR. MARICONDO: That's the key.

MR. KOEPPE: That is the key, and Peter alluded to that earlier. And that is -- that's a construction task, right? That's part of the blocking and tackling so that--

MR. MARICONDO: If I can just--

MR. KOEPPE: Go ahead, Peter.

MR. MARICONDO: That's where the -- my words come in -- *you need a plan*. You have a fixed amount of money that you're working with. What's your plan? What are going to build with that fixed amount of money? The SCC is a project management firm. The SCC should not prioritize projects. They don't know what the educational requirements, and needs, and facility requirements, and those sort of things are. It's outside of the scope of what we're tasked to do. So that information, when this special committee was formed, I think we had the right constituencies -- the AG's office, the DOE, the State House people -- involved in making those decisions. But it's definitely not the SCC's responsibility to prioritize.

SENATOR DORIA: So that's again another area where we need to have better cooperation, and with coordination with DOE required, not necessarily voluntary -- that there be some relationship and some actual discussions on a continuing basis.

MR. KOEPPE: Yes.

SENATOR DORIA: It shouldn't be as I understand it now, and you can correct me: DOE approves projects; you just then get them. Nobody sits down until this recent committee -- and actually sits down and says, "Okay, this is what the priorities should be. This is how we should approach those priorities." It's basically two independent structures moving along on parallel lines, one of whom just makes recommendations, and the other, unfortunately, takes much longer to do the construction, because construction takes longer than recommendations.

MR. MARICONDO: Within a fixed amount of money.

SENATOR DORIA: Within a fixed amount of money, which complicates it even more.

MR. KOEPPE: That may overstate the problem a bit, because the Department of Education sits on the Board of the SCC. So extensively, every project that comes through approval process, review process by the School Review Committee, the Audit Committee, the Board, in general -- DOE is a part of that ongoing process. So it's not a completely separate relationship.

MR. MARICONDO: There's a physical progression in the aspect.

SENATOR DORIA: But the problem is they're doing things at a much faster pace and--

MR. KOEPPE: Absolutely.

SENATOR DORIA: --not taking into consideration the plan of SCC or the money constraints.

MR. MARICONDO: Yes.

MR. KOEPPE: I think the approval process is a lot quicker than the construction process.

MR. MARICONDO: I think you're there. I think you're there.

SENATOR DORIA: Right. So you have all these approved projects without the money in place to then commit to build those projects.

MR. MARICONDO: And that's what's building up the expectations.

SENATOR DORIA: And that's what's building the problem of expectations?

MR. KOEPPE: That's exactly right.

SENATOR DORIA: So again, what I think I'm saying is, you need better coordination and cooperation, not that there hasn't been cooperation, but a much better system to tie it all together.

MR. MARICONDO: Absolutely, yes.

MR. KOEPPE: I think you also may need a single -- it's the overlapping bureaucracies problem that we talked about earlier a few times. I'm not certain whether the solution is an admonition for better cooperation or whether it's a structure that has a single person accountable.

SENATOR DORIA: Now, that's what I'm thinking, is a structure that has one single person accountable would make more sense so that that person then could be held to downs if it wasn't being done properly.

MR. KOEPPE: I personally believe in that model. Yes, I believe in that model.

MR. MARICONDO: Yes.

SENATOR DORIA: I believe in that model, also. One person should be the responsible authority -- take the credit, take the blame.

MR. KOEPPE: Yes.

SENATOR DORIA: So what I think we're saying is that in new legislation we need to create this type of cooperative relationship in one form or another.

MR. KOEPPE: Yes.

MR. MARICONDO: Yes.

SENATOR DORIA: That's your opinion? Because obviously we need to be talking about that new legislation, that money. Right?

Am I correct, Mr. Chairman?

My final question relates to the present situation as it relates to the non-Abbotts. Those referendums that took place in September that Senator Kean spoke about and Senator Martin spoke about earlier, they have obviously -- are 60 million over, or there's 60 million, actually, that's available to those--

MR. KOEPPE: Right.

SENATOR DORIA: --but the amount over is about another 40-some-odd million. How and when is that determination going to be made, because I think a lot of people in those districts are concerned? How and when is that determination going to be made so those districts know whether they'll get that 40 percent or not get that 40 percent?

MR. KOEPPE: Well, we asked the Attorney General's office, as I've mentioned to you, and the Department of Education to look at that. Peter informs me that it will be in a couple of weeks.

SENATOR DORIA: So that determination, what--

MR. MARICONDO: It's happening right now, as we speak.

SENATOR DORIA: More than likely after the election. I'll say that, you don't have to.

MR. KOEPPE: I don't -- I didn't hear you.

SENATOR DORIA: I said more than likely after the election, when we say a few weeks.

MR. KOEPPE: I don't know whether that will encumber decisions of this Board.

SENATOR DORIA: Well, I'm going to say it encumbers all decisions of the State Government when there's a gubernatorial election.

I'm a realist. I've been doing this for 26 years. You don't have to say that. I can.

So then we're going to have to deal with that problem. And any money that's allocated in the future, we're going to have to have money allocated for Abbotts and non-Abbotts, in order to deal with the future of construction in the state.

MR. KOEPPE: Yes.

SENATOR DORIA: The final question has been asked a few times, and I'm just going to try to clarify my understanding of it. And that is, when do you think that the Board, as well as the staff of the SCC, will be able to give us, based upon the approved projects -- and they'll only be approved projects at this time -- which we understand that in the non-Abbott districts where they haven't gone to referendum. We don't know what the amount is. But let's say for the Abbott districts and for the non-Abbotts that have gone to referendum or will be going to referendum, when will we have an idea of what the actual dollar amount is, give or take 10 to 15 percent? When do you think that that kind of number could be put together? We've talked around it. We keep on talking around it. I'm trying to now hold you a little bit to downs and ask you, when do you think that kind of a number can be put together?

MR. KOEPPE: The reason why I've asked Peter to do that, the reason why he's hesitating, is that he, as I mentioned to you earlier, for all of those projects that are in construction, we're not going to give you a bad number. And that budget process doesn't reflect a great deal of accuracy at this stage. What the Board has said to the CFO, and now the Acting CEO, is: any numbers that go to anybody have to be absolutely on target.

SENATOR DORIA: But we all know that any construction project usually goes over. There wouldn't be construction projects in the state if there weren't change orders, unfortunately.

MR. KOEPPE: I'm not gainsaying that, but the point is, it's not something that's on somebody's bureau.

SENATOR DORIA: Right.

MR. KOEPPE: What do you think?

MR. MARICONDO: I was going to say that we need to come up with a definitive list: These are the projects. Now we know that-- For example, we've started the design on some projects which we just suspended. So we have that list. What else is in the pipeline? We can gather that information, here's what we have, and then come up with some estimate.

SENATOR DORIA: What about all those that are approved by DOE? You said there were 300-and-some odd that were approved.

MR. MARICONDO: Well, that's what I'm talking about.

SENATOR DORIA: Those are the ones you're talking about?

MR. MARICONDO: Yes.

SENATOR DORIA: Okay. So it would be those that would be included. And you're going to try to come up with that information. Because obviously, if we do a piece of legislation -- am I correct, Mr. Chairman -- those numbers would be very helpful.

MR. MARICONDO: Oh, yes.

MR. KOEPPE: Don't forget, though, as I said, simply an approval from DOE without any land acquisition estimates, environmental issues, that it's--

SENATOR DORIA: That's why I'm saying, very difficult.

MR. KOEPPE: --very, very--

MR. MARICONDO: It may be best to give a range of numbers, rather than a definitive number.

SENATOR DORIA: Well, again, I think I'm going to go back to Assemblyman Diegnan's recommendation that we somewhat change the methodology -- because we all agree it's too complicated -- where the districts, even the Abbott districts, have more control over their own lives. Because that would then establish that the cost factors would be the established cost factor, and if there was a determination they wanted to build on something that was a Brownfields area, that would be their responsibility to have to clean up. I think that we need to lay some responsibility on local districts -- all districts.

Mr. Chairman, thank you.

ASSEMBLYMAN STANLEY: Thank you, Senator.

Assemblyman Baroni.

ASSEMBLYMAN BARONI: Thank you, Mr. Chairman.

And gentlemen, I know you've sat here a long time. I promise to ask questions that largely have gone unasked before. If I might, Mr. Koeppe, first of all, thank you very much for your time today, (indiscernible) much broader, because everyone up here has thanked you.

I'd very briefly like to go back to a point you made in your testimony, to make sure I understand the facts correctly. Because I may have misheard, because I was jotting them down as you spoke. In your testimony, on Page 2 of your printed testimony, you said, "In other words,

4.4 billion was already spent or committed to projects in construction.” So we spent 4.4 on Abbott funding, right?

MR. MARICONDO: Committed, not spent, committed.

ASSEMBLYMAN BARONI: Committed or spent?

MR. MARICONDO: Committed, which includes spending, yes.

MR. KOEPPE: Yes, sure.

ASSEMBLYMAN BARONI: Committed, or includes spending. Okay. And then you also read through -- and again, this is where I may have the numbers incorrect -- “30 new constructed schools,” correct, speaking specifically in the Abbott districts? Correct? Thirty new constructed schools? Correct?

MR. KOEPPE: That’s right.

ASSEMBLYMAN BARONI: Three hundred and fifty-four school repairs, 43 in construction, and 26 smaller rehabs. Is that correct?

MR. KOEPPE: Yes.

ASSEMBLYMAN BARONI: So we spent \$4.4 billion to build 30 schools?

MR. KOEPPE: No. That’s not correct.

ASSEMBLYMAN BARONI: Okay, tell me where that is not correct, Mr. Koeppe?

MR. KOEPPE: Those are the schools that are completed. There is 43 under way. It says, “others in construction.”

ASSEMBLYMAN BARONI: Okay. So we will have spent 4.4 billion on 73 new schools?

MR. KOEPPE: And the health and safety projects as well. That's correct.

ASSEMBLYMAN BARONI: And understandably, the two of you coming here and talking to us is kind of like the two new guys at Enron. I mean, we know it's not your fault, but a lot of folks are going to have some questions. I would proffer to you that this program may be the single greatest fraud perpetrated on the children, taxpayers and the people of the State of New Jersey in its history. (applause)

I want to ask you a technical question, because it leads to what we do in a situation. Mr. Koeppe, talking to you about saving a business is well outside my milieu. But when a company goes in, and when new management comes into a company that's been racked by financial issues and problems, there are a number of things that one goes back to. And one goes back and reviews past business decisions for two reasons: One, to find out where blame could be placed; and two, to find out if funds could be recouped. So let me ask you some questions about that, because we've had a lot of discussion about what we do going forward. And Peter, you've made some excellent observations, and it's very clear, by the plan that the current Board has put into effect, that a lot of thought has gone into it. But I'd like to look post-hoc for a second. I'd like to look backwards for a second. Have you looked through -- and I don't mean you, specifically, but generally -- I understand the Inspector General, and I understand the Attorney General are reviewing past financial decisions by the SCC, for purposes I don't want to call *blame placing*; because quite frankly, somebody could be criminal. You could have criminal investigations coming out of it.

But has the SCC, from a financial side, looked back at the contract to see if we were overcharged?

MR. MARICONDO: I think that's one of the lacking internal controls that existed within the organization that should have been done. I think the answer to that is, was there an accounting of the actual money spent versus the contract. Because there wasn't necessarily "a budget" or a plan for it. So the answer is, no, that hasn't happened. Should that be done? Absolutely. That would be a basic internal control that should be done.

ASSEMBLYMAN BARONI: One of the suggestions that I would make, and I understand there's a lack of -- employees are down and a number of staff people. But I would suggest to you that one of the ways we can try and get every penny back that we can-- I mean, Chairman Stanley and Chairman Rice, they're working on legislation. But I must tell you, before we go back to the voters or go back to the people, and go back to this Legislature to get more money for schools construction -- when we say we need to wring every dime out -- we need to look back at these contracts and see if we were overcharged. Because if we were overcharged, we should go to these contractors and get our money back. Because I have to tell you something-- Let me ask you this question. How many contracts do you believe -- broad question -- how many contracts, overall, do you believe the Schools Construction Corporation has let out -- 10,000, 5,000?

MR. MARICONDO: I really don't have a good number. I know that for each project there are several contracts for every project.

ASSEMBLYMAN BARONI: Sure. I would suggest to you, and I understand that--

MR. MARICONDO: Thirty, 40 contracts per project -- something like that. I mean, it's possible.

ASSEMBLYMAN BARONI: Thirty or 40 for hundreds and hundreds of projects?

MR. MARICONDO: Yes. So it's thousands.

ASSEMBLYMAN BARONI: I would very much suggest, as you go forward, building into your system a post-hoc review of contracts.

MR. MARICONDO: Yes, I agree.

ASSEMBLYMAN BARONI: And for a number of reasons. Not only to place blame, because look, blame has been placed all over. And Chairman Rice is exactly right, there's so much to go around. So I'm not looking to place blame. The Attorney General, the Inspector General, they can do that. I'm looking to get every dollar we can to build schools. Because we got people who are counting on us to get the -- and therefore counting on you -- to get these schools built. So the first thing I would suggest is, let's go back, let's look at the contracts that were let out, and find out if we were overcharged. And if so, let's work to get our money back.

Which leads to my second question: Is there a process within the Schools Construction Corporation for debarment?

MR. KOEPPE: Yes.

ASSEMBLYMAN BARONI: What is that process?

MR. KOEPPE: It's a legal process we've employed at the EDA when there is malfeasance or misfeasance at a certain level.

ASSEMBLYMAN BARONI: Okay. I would proffer to you that as we go through, or you go through our post-hoc contracting, looking back at contracts to see if we were overcharged for anything, that those firms that

committed fraud upon us not only be referred to the Attorney General for criminal prosecution, not only be referred, Peter, to your office for financial -- to get our money back, but also, they should be immediately entered in the process of a debarment.

MR. KOEPPE: That is a process that exists in the organization. It has been there since the June Board meeting.

ASSEMBLYMAN BARONI: The other, I would suggest to you, is, as we go forward, as we let out new contracts -- and I understand, given the size of the staff over there and all the burden that they are carrying that they may not have the ability -- you may not have the ability immediately. But before we continue to go forward, if there are instances where you believe or your staff believes that there are contractors that are not truly working for the taxpayers-- Now, Al, you've got a great career of doing this. Please keep doing it. Stop these people from overcharging us. Because, not just overcharging the taxpayers, you're hurting our kids. Not you, but these contractors are hurting our kids.

MR. KOEPPE: That is the essence -- that is the essence of the controls that we have in place. That's the reason why we have Audit Committee oversight with affirmative obligations. I spoke a little bit about the ethics obligations, right? They include whistleblower procedures as well. I would expect that those anonymous whistleblower procedures -- and they have already -- have indicated areas that there should be investigation, which are then referred, after review by the Compliance Council, to the AG's office for formal review. So you're right.

MR. MARICONDO: Any issues that comes to my attention which -- and the AG's office can vouch for this -- I'm on the telephone with the AG's office.

ASSEMBLYMAN BARONI: You mentioned whistleblower. I represent Hamilton Township, where a number of our -- probably, in fact, I think it's the municipality with the most number of public employees, including some of your employees, who have come to me, as a legislator, with very significant, real observable criticisms and comments about the world they work in at SCC. Have all of these employees been informed of the new regime and the new whistleblower process? Because they want to help.

MR. MARICONDO: Yes. It's going to be part of our-- We just got that code of conduct in place. We have the people now in place, and there will be an educational process that we plan to roll out on that, yes.

ASSEMBLYMAN BARONI: One of the other thoughts I have for you, and then I'm going to ask one final question. But one of the thoughts I have for you to consider -- the State Investment Council, in their privatization of part of the State Pension system -- which I believe to be both illegal and wrong; and that's not why we're here -- but one of the things they did right in that process was institute, within the State Investment Council process, one of the strictest and strongest pay-to-play bans that gave confidence to people that none of its State Investment Council decisions, where when best, were being made on politics. I would suggest -- and I don't want to get into a debate about pay-to-play -- although I always enjoy a good debate on pay-to-play -- but you should

think about that, going forward. And maybe we need to think about it. Putting in a pay-to-play ban for those contractors and those businesses and those people who are getting school construction dollars -- they shouldn't be given to politicians. Not because I'm suggesting that politicians -- any undue influence necessarily, but this is about rebuilding people's confidence in the Schools Construction Corporation.

When I go out and visit with my constituents and go knocking on doors, they talk about this. People know about this issue, and they think it's just broken. And one of the ways we can rebuild it is to completely take all politics, and campaign finance, and campaign contributions out of the process of building our schools in New Jersey.

MR. KOEPPE: I don't think you'll have much of a difference of opinion -- you and I would have much of a difference of opinion on that, Bill.

ASSEMBLYMAN BARONI: Finally, one of the issues that I think some people later are going to bring up, so I'm going to ask it. There's been a lot of discussion and a lot of writings about the situation in Gloucester City and the placement of schools on locations that environmentalists certainly would raise questions as to whether or not they should have been there. At the same time, development was going on in a better piece of property. Is your agency aware of the problem, reviewing the problem, and doing something about the problem?

MR. MARICONDO: Yes. I'm just trying to recollect -- it came up a couple of months ago. Is this the one where we decided not to build the school on a particular piece of property, I think was the case.

ASSEMBLYMAN BARONI: Well, my understanding is, and people far brighter about the issue of Gloucester City here than I, is the proposed placement were on contaminated sites.

MR. MARICONDO: Yes, but it didn't happen. We didn't build the school. We didn't go forward up with the plan to build on that site.

MR. KOEPPE: We didn't go forward.

ASSEMBLYMAN BARONI: I understand that. What are we going to do about the schools in Gloucester City?

MR. MARICONDO: That I need to go back and take a look at.

ASSEMBLYMAN BARONI: I want to thank you for what you're doing. And I implore you, those -- all of us up here care about this program or we wouldn't be here today. We care about school construction. I believe we have a responsibility to build schools.

Mr. Koeppe, you used a very interesting phrase in your testimony and said we needed to do this with all deliberate speed. The phrase *all deliberate speed* originally was used in the law, in a case called *Brown versus Board of Education*. And in that decision, one of the reasons -- one of the things that the Chief Justice of the time talked about was the failure and the distinct difference in school facilities. That case had to do with the segregation of the schools. We are now dealing with a situation where the kids in New Jersey are still learning in classrooms that are not fit to be learned in. So I implore you, please do something for these kids. One of the things we can do is look back to where all the money went and not only punish the bad actors, but get some of the money back.

And I thank you all very much for your time. (applause)

SENATOR RICE: Next, we have Assemblywoman Voss.

Let me just say that we'll be finished in a moment. Mr. Chairman, you're doing well.

Also, I wanted to say that the biggest, most singular fraud to the taxpayers is not this fiasco, it's the Iraq war, but we won't get into that. But I think you do hear my members on both sides say we want more accountability, but we also want to move forward. If, in fact, we can recoup dollars, we need to do that. But that should not be one of the barriers, I talked about earlier, for us moving forward. We need to put what's there, needed to be put there.

Assemblywoman Voss.

ASSEMBLYWOMAN VOSS: Thank you, Mr. Chairman. I'll be very brief.

I just wanted to congratulate you on the job you're doing. I'm just reiterating what all my colleagues have said. Personally, I am appalled at the fact that you had to state that you had to put ethics training in and that there was no accountability. And I'm so glad that you're remediating this problem.

Mr. Maricondo, I want to commend you on what you're doing. And I go along with the fact that we have to do things in sections, and we really have to oversee these things. A few weeks ago we were down in Newark, and there were people who had had projects done by the Schools Construction Corporation who brought to us photographs of the terrible work that had been done. And I have to go along with my colleague, Mr.

Baroni over here, and say that I would like to sue these contractors who have done this terrible work.

There was a school in Orange, or East Orange, where in the middle of the cafeteria there was a gas pipe that protruded from the floor about a foot, and they had to put a wastebasket over there so that people didn't fall over and break their necks. The work was just atrocious.

The other thing is that I hope that you're going to put overseers on every aspect of the program, and I'm sure you are. One of the things that really concerned me was the acquisition of land. How is it done? And because so many problems have come about as a result-- I was particularly taken aback when -- I don't know the process by which the land is purchased -- but apparently, in one of the cities, a parcel of land was-- They said, "We're going to purchase this land," but the contract never went through. Someone then proceeded to buy the land for \$1 and then sell it back to the Schools Construction Corporation for \$1.43 million. This is absolutely outrageous, and these kinds of things have got to be remediated.

And as I said, I commend you for the job you're doing. Everyone has basically posed the questions that I had concerns about, and you're doing a great job. So thank you very much.

MR. KOEPPE: Thanks.

MR. MARICONDO: You're welcome. Thank you. (applause)

SENATOR RICE: Mr. Chairman, the Vice Chair has a comment. But let me just end my note with you, and then we're going to bring up some other people and start to move some of the people here. There was talk before about the demolition process, there was talk about the continuing acquisition of land. Because, as you know, there are those of

us in New Jersey -- and I don't believe it's that many, thank God -- where we are starting some processes of negotiation, which have ceased because we don't have the funding. On the dollars that you indicated -- are set aside to complete that -- I hope the deals a little bit more liberal.

Now, people don't like the word *liberal*, so I'll use the word *fairness*. Because in one of my districts, when someone comes in to me -- and this has been the problem. You talk about SCC, where the problems we're having are the barriers. When someone comes in and shows me a mortgage where they purchased a three-family house about two years ago at \$300,000, 5 percent down, two tenants helping to carry that mortgage -- a person with a wife and kids; to be quite frank, in an urban area where we're trying to bring the quality of life back, and to be quite frank, if you want to draw racial lines -- minorities -- tells me that SCC came in and offered them \$250,000; and the Constitution said, "Just and fair compensation." For the sake of me, and I thought I was a reasonably prudent person, academically, with common sense, it didn't seem to me if I was carrying a mortgage of 300,000, how can you tell me that 250,000 is just and fair. And in answer, SCC did relocate the tenants. So now the family is stuck there trying to carry a mortgage with two tenants gone.

And what happened was, they go to court. The judge says, "Well, first of all, you're going to be a lot more fair. So you're going to give the party approximately 322,000" -- don't hold me to the exact numbers -- which may not still be fair with relocation. But that's what was there. Then I understand the State appealed it. Why would the State appeal something? You don't have to answer, but my point is, is that in the funding, when you go into these negotiations, let's be honest regardless of

what other people are saying about the real cost of acquisition and fairness in negotiation. You don't give a senior citizen, whose been in a place since 1961, \$85,000 for a house that's now worth \$200-plus thousand. The Constitution once again says just and fair. It did not put a dollar amount. But it meant that we were going to be fair. Does that cost money? Yes. Fairness costs money. But we throw away a lot of money too, as has been indicated here. And so I'm hoping that you go back and revisit the numbers. Your numbers may be okay -- I'm not questioning them -- that you say you set aside to continue these buyouts on Dewey Street and places like that, but at least make sure that they are fair.

With that, Assemblyman.

ASSEMBLYMAN STANLEY: Thank you very much, Chairman.

Again, thank you, Chairman Koeppe. A couple of issues that I think need to be addressed -- one is an issue that concerns perhaps legislative changes that need to be made. And I know that perhaps you've already taken a look at some of the things that we should be doing, going forward, and I want to bring to your attention. I'm sure you're familiar with the law, the act establishing a School Construction Review Commission, which I have, of course, sponsored here in the Assembly, and Senator Rice sponsored in the Senate. But I do understand that the Governor is in a process of making appointments to that Commission. We strongly believe, going forward, that we will be able to get through and work through some of the issues that need to be worked through that aren't necessarily within the confines of the Schools Construction Corporation, but are other issues that need to be resolved, through legislative means.

And I would like to request that as soon as you possibly can, if you could provide the Chairman and the members of this Committee with recommendations that you see needing to be done with respect to legislative amendments.

MR. KOEPPE: We've, as you know -- and you and I have chatted about this -- we've already gone quite a way on those recommendations. I expect we can get them to you within a week or two.

ASSEMBLYMAN STANLEY: Thank you very much.

My last and final question, and it may not be popular among my colleagues; however, personally, I have a problem with the phrase *do with deliberate speed*. And the problem is, is that even back then, people wanted to know what in the world it meant. And today, we have the most segregated school system in the country here in New Jersey. So if we go with that speed, I don't know we'll ever get these schools built.

MR. KOEPPE: We can try emergent again. (laughter)

ASSEMBLYMAN STANLEY: But my question is, is what if -- do you have the personnel within the Schools Construction Corporation-- Does the Attorney General have the wherewithal to ensure that these changes are made, implemented, and, certainly, establish some of these things we're probably still working on -- exactly what the processes are going to look like? But do you have the resources necessary to do those things? And if you do not, please let the Joint Committee know, through the Chairman, what resources that you feel you need--

MR. KOEPPE: Fair enough.

ASSEMBLYMAN STANLEY: --to make the necessary changes at the Schools Construction Corporation. Because unfortunately, you're

the only horse in the race right now, right? The SCC -- you're it. So we have to change the SCC, in order to make sure that the process is changed, is remediated.

I believe that is basically it, Mr. Chairman. I appreciate your help. I know going forward with the legislation that Senator Rice and I have sponsored, we're going to be actually demanding of the SCC monthly reports, similar probably to what you're going to be putting together for your Board, and making comparisons. Monthly reports, not just alone with dollar amounts per project cost, etc., but also comparisons with other states in the region, in terms of cost -- and costs of projects being done by the SCC compared to projects that are not being done by the SCC, to make sure that we don't see these wide variances between cost; and to ensure the purity of the process and the making sure that the taxpayers' money and the school kids' money are being spent effectively and efficiently.

Thank you very much, Mr. Chairman.

MR. KOEPPE: Good, thanks. Appreciate it.

SENATOR RICE: Let me say to the Chairman of SCC, as well as the Acting CEO, thank you very much for coming here, for meeting your responsibility as our leadership on that side, for your fortitude. Because there's a responsibility to ask questions and, to be quite frank, to even drill sometime, and to agree and disagree. I think you have done well. More indication, from the members of this Committee, we're very comfortable with the Chair of SCC and the direction you're moving in. We're going to continue to be a part of that process, probably a lot more intimately than maybe before, at the inception. And there's still a lot of work to be done.

We're going to probably invite you to a meeting in the future that deals directly with the 23 or so non-Abbotts. And I wasn't here; I believe Senator Doria asked that question. Did you ask that question--

SENATOR DORIA: Yes, I did.

SENATOR RICE: --on expectations? But I'm trying to wait until you get past your process, so we can see where we are.

So once again, let me thank you very much and apologize for keeping you so long.

MR. KOEPPE: Thank you, Senator.

MR. MARICONDO: Thank you.

SENATOR RICE: Okay. To the audience out there, to those who are assembled here, we're going to continue to move the agenda. My members may be going in and out. We're not sure you'll be doing the same thing -- there's such a thing as a men's room and a ladies' room out there someplace. There's a cafeteria around the other side of the building, if you're in and out.

What I'm going to do now -- I'm going to bring up the Education Law Center.

But before I do that, I'm bringing up one municipality first, because I know this gentleman should have been back -- all of you should have been back -- but I know the situation there. So why don't I ask Dr. Epps to come up, Superintendent from Jersey City. I apologize, I know you had to get back. But it's good for you to be here to understand the process, because I suspect that you're going to be sitting in the Assembly House soon, and this way you know that we have to be a little patient around here.

CHARLES T. EPPS JR., Ed.D.: I appreciate that, Chairman.

SENATOR RICE: And before you testify, I want to ask everybody out there, can you hear me? I actually want everybody to stand up, please? Just stand up. Thank you. Thank you. Thank you. Turn and say hello to the person next to you. Stretch a little bit. I know you're getting a little bored back there. (laughter) There you go. All right. (laughter) We are doing this for the children of New Jersey. All right. Thank you.

Dr. Epps.

DR. EPPS: Thank you. Thank you, Senator, members of the Senate and the New Jersey Assembly. I want to thank you for allowing--

SENATOR RICE: You can be seated now.

DR. EPPS: I'll wait.

SENATOR RICE: Put your red light on. (referring to PA microphone)

DR. EPPS: Thank you. Thank you for allowing me to speak today. We have had about five years experience with New Jersey Schools Construction Corporation, which took over the building of our schools in 2000. Based on our experience, I want to make a few points about what we have learned and what we hope that you can bear in mind.

Point number one: We'd like to have greater control by the school district, as needed. We have little control over school construction from the start to finish over design, over scheduling, over payment. This lack of control has a serious effect on our operation of the new school facilities.

Let me just give you a few examples: We have a new elementary school in construction, and when it was in design phase, we

asked that the windows have blinds within the window panes. These are so much easier to maintain and less expensive to maintain. But some of the school windows don't even have blinds at all. Even our restrooms on the first floor of the building are in places where there are no blinds. So we have to, now as a district, purchase the shades to ensure privacy. And our janitorial personnel will have to maintain the shades. It would have been so much cheaper in the long run, so much more effective if the windows that we wanted were planned and installed.

Another example: We require fencing around all our school sites to provide security. One of our buildings delivered to us in February has still not been secured. Fencing that was in place was removed during construction, and after seven months, it is still not restored. We now have reports of people coming onto the site for dangerous and possibly illegal activities, which the fencing could have helped deter. If SCC contractors cannot address the problem, we will be forced to incur additional costs in order to install the fencing and maintain security on the site.

My point in raising the issue is that we can make a difference in helping to make school construction projects more responsive to educational and operational needs if the district itself has greater control over the process of school construction. I don't understand, in our district, that we have two or three schools in process, and we have the same construction manager doing the job. I don't understand how that happens. I'm just asking, not just for involvement -- we need to have control.

We are the ones who can best determine what the need of our school children need. We need greater involvement, but most of all the district should have greater control over the construction projects. And may

I suggest that legislation should be amended to allow the Abbott school districts to hire the persons who designed the school facilities, the architects and engineers, and give the districts the resources to hire the design consultants? This will help to ensure that schools are designed for our educational and operational needs within the course constraints that SCC deems appropriate.

My second point is, a process is needed to respond to emergent situations. We need a process that can respond promptly to emergent situations. We have a very old building stock. More than half of our buildings are over 80 years old. We are bound to encounter leaky roofs, pipes that burst, boilers which break down, windows that leak, etc., and we do encounter these situations more frequently than we would like.

And during the past year, the Department of Education approved a number of emergent projects -- such as the replacement of broken auditorium seating in a number of our schools, the repair of damage from water leaking from our roofs in several of our schools where the roofs needed to be replaced. We cannot wait too long to repair these conditions for the safety of our school children and staff. We must repair them immediately.

Unfortunately, our hands have been tied. Even when the SCC had money, it could not respond to the rapid basis. Now the SCC has little or no money to make any of the repairs at all. So our roofs, because they are old, will continue to leak; our pipes will continue to burst; emergencies will continue to happen.

My point number three is: Land is essential for new schools. Some people have criticized the high cost of school construction in Abbott

districts. I can tell you, from the vantage of one of the most densely-populated school districts in the state, that land on which to build a school is very costly in an urban area. Vacant land, when you can find it, is expensive, because it's scarce. And often, it can be contaminated with environmental pollutants, which also cost money to address to make it safe for school purposes. But we have a huge need for space not only for classrooms and for our schools' children-- I guess my point is this: When we find the vacant land, SCC deems it necessary not to get that vacant land because of city politicians, or because they say they don't want to take that particular land. They'd rather put a ShopRite there, or they'd rather put a food market there, as opposed to a school. So those issues we need to talk about.

And when SCC wants to build schools in our district, especially in our urban district, we need to consider play areas and we need to consider parking for our streets. In planning for the construction of school buildings, we must keep in mind that outdoor play areas and parking areas are greatly needed in urban areas.

And despite the high cost of land, we are faced with an urgent need to acquire land for new schools. You know, the SCC gave approval in August of 2005 to go forward with the remaining funds to acquire land and construct a new Early Childhood center in the Heights area of Jersey City. This is one of the most densely-populated and congested areas in Jersey City. Now, this land has been studied since 2003. Right now, we are one of the 59 projects that are approved, and now SCC is reconsidering the purchase because of the high cost involved. If we do not acquire this site, then all of the money spent on the studies and the architectural design will

be wasted. We have spent thousands and thousands of dollars, and we will have to start the long process of site selection all over again in environmental studies, building and design again, with no guarantee that the land will be any less.

The escalating cost of land in this case may be due, in part, to the granting of tax abatements and zoning variances which enable development and increase the value of the land. Maybe legislation may be able to stem the problem by borrowing tax abatements and zoning variances for sites which are being studied by the SCC for acquisition.

SENATOR RICE: Doc, you need to summarize. That beep, beep, beep wasn't a cell phone. That was our timer. Your five minutes is up. Just bring it to the closure.

DR. EPPS: I'd just like to sum it up with the employment of local minorities in school construction projects. I don't know how SCC can bring these construction companies into an urban district without considering the moms and the pops that can work in these school districts. I'm asking that we have a better representation of minority participation in our school construction projects.

In conclusion, I'd like to thank you for your time, Senator, and I'd like to thank this Committee. Thank you very kindly.

SENATOR RICE: Thank you.

Any questions from the Committee members? (no response)

Okay. Thank you very much.

I'm going to ask-- First of all, let me just make a couple points here. We have a lot of speakers. We're going to try to adhere to the five minutes when the beep-beep goes. There are some people who are

representing the districts, and I'm going to try to bring you up at the same time so we can move you out, even if you don't know you're here representing the district with each other. My major concern is, and this Committee's major concern today is, to make certain that we hear from superintendents of schools and the facilities people, because we really want to know, basically, how many projects that you know, based on your working with SCC, that's pretty much ready to go, or was ready to go in 2005, or ready to go in 2006, that was not in the 59. Because we want to get a good grip on that, and we want to hear from, maybe if you can put it in the five minutes, the kinds of problems you're having because of that.

For example, in one district, by houses being boarded up, residential not industrial, there's an impact on the quality of life, because there are one or two families left in there. That's where we're trying to go.

With that being said, I'm going to bring up the Education Law Center. Then we're going to start to go directly into those communities. But while the Education Law Center is coming up, let me ask a question. Is the -- I know -- is the Superintendent from Gloucester County here?

UNIDENTIFIED PERSON FROM AUDIENCE: You mean Gloucester City, sir?

SENATOR RICE: I mean Gloucester City. I'm sorry.

UNIDENTIFIED PERSON FROM AUDIENCE: I'm right here.

SENATOR RICE: Okay.

Then let me ask a question. Is the -- okay, your facilities people are here, too. Is that correct?

UNIDENTIFIED PERSON FROM AUDIENCE: Yes, sir.

SENATOR RICE: All right.

Are the students here from Gloucester? (affirmative response)

Okay. Let me say to the students -- because I had dialogue with your Superintendent, and they won't have an opportunity to speak today, because we want to hear from the facility people. But I wanted to make sure you were here, and hopefully I'll come visit your schools, because I think it's a good lesson in civics as to how we function here and the process. You can hear what some of the problems are. We certainly understand your end of the problem, why the schools are necessary. So I just want to commend you for being here supporting the district as well.

In terms of -- is Mayor Thomas Kilcourse here? Is the Mayor from Gloucester here?

UNIDENTIFIED PERSON FROM AUDIENCE: Yes.

SENATOR RICE: I just wanted to be sure. Because when I call up Gloucester, I'll be calling you up too. This way I can get the representation in and out of the way without staggering, okay? That's just one example to the others of how I'm going to do it.

I think Councilman Amador is here, according to my list. Is Councilman Amador here?

UNIDENTIFIED PERSON FROM AUDIENCE: Yes.

SENATOR RICE: Okay. When I call you up, I will call the organization coming from the district as well.

So my point is, is that wherever you're from, if I see a grouping here in terms of government leadership -- meaning elected officials who have to make decisions on the land -- school superintendents and facilities, I'll bring you up the same time.

(indiscernible), okay?

With that, go ahead.

**DAVID SCIARRA:** Thank you, Senator Rice, members of the Committee. I'm going to try to make a few comments based on our experience at the Law Center, both in debating this bill back in 2000, being involved in the *Abbott* decisions, and having monitored and tracked it all along to ensure that the program has been moving forward.

I'm going to really address the question of where do we go from here and pick up on what Chairman Koeppel talked about. Two areas: One, the need for additional funding; and the other is the issue of reform that's been talked about by members of the Committee. One is, is everybody knows we've run out of money on both sides of the aisle -- Abbott and non-Abbott. This should come as no surprise to anyone. When we debated this bill back in 2000, those of us who were here understood that the 8.6 billion was really an initial down payment to get the program started.

And we knew that at some future point we'd have to come together and figure out how to -- to look back on the program and see how it's been performing and then to allocate more funding to keep it going. Well, the future is here now. We know, from information submitted by the SCC last week to the Supreme Court, that in the Abbott districts they've begun design work on about 110 projects. They performed preliminary development work on a number of -- about 97 projects. And they have an additional 134 projects already approved by DOE over at the agency.

So in answer to the question that many of you asked for about the list, they have the list. If we're talking about projects where design has

already been commenced, we could get an estimate of those. We ought to be able to get an estimate of those from SCC fairly soon. We know there are other projects that are in development. We ought to be able to get that estimate. So we know the universe of projects that are in the pipeline, as has been talked about, and we need to get SCC to give to us and to you an estimate of what those projects are going to cost.

The same is true on the non-Abbott districts, as has been talked about. We have a problem on the non-Abbott side as well, with the funds running dry -- insufficient to meet the need for the new referendum.

We've gone back to the Supreme Court to ask for more funding. Frankly, I'm here to urge you to act so that we don't have to get the court involved. We definitely need an additional infusion of funding. S-2294 is pending before you. We urge passage of that bill as soon as possible.

But I would add and echo what's been talked about here. We should put the SCC on a very short leash. We should not do what we did back in 2000, which was to appropriate 8.6 billion and let them go off, and then, four or five years later, find out that we're having these problems.

You should put, in any bill for more funding, strict conditions on the use of that funds that requires a plan provided for how those funds are going to be dispersed, project by project, with cost estimates and cost comparisons, so that we can get a sense of, are we being overcharged. Are we paying too much? How does the costs in the Abbott districts relate to costs in the non-Abbott districts? How do they relate to costs in the region? How do they relate to the industry standard? So that when we

know how this money is going to be -- we have a plan for how it's going to be allocated out and we're fully informed as we go.

In addition to that, we need to begin a conversation about reform. The Schools Construction Commission is being formed now. That body has to take up a number of critical issues which were talked about today. For example, why is the SCC allowed to function by executive order? Why hasn't this Legislature, if necessary, authorized the SCC to exist by enabling legislation and decided on the issues of governance, management, and oversight that we've been discussing today? Who is going to be on the Board, so forth and so on? What happened to the Attorney General in terms of the watchdog functions that were put in the original bill? Where has the Attorney General gone? What do we need to do to remove the Attorney General from the variety of conflicting positions they're in now -- both acting as counsel being paid for out of the SCC coffers, sitting on the Board, and then having the Unit of Fiscal Integrity that's supposed to be the overall watchdog agency. They can't perform all those functions. There's an inherent conflict.

What about the Abbott districts being empowered to perform certain functions that's been talked about here? Superintendent Epps talked about it. Best practice knows us that land acquisition, building design, so forth and so on, as in the non-Abbott districts, are best done locally. We need to relook at this and see what functions ought to be delegated to the Abbott districts to perform. I think Assemblyman Diegnan was referring to this earlier, so that -- under strict State control.

What can be done to reengage local communities? The Abbott communities feel disenfranchised now, as you've heard and you're going to

hear. What do we do to reengage them, empower them in the process, and incentivize them? What about prioritizing needs on both sides, both the Abbott side and the non-Abbott side? The big issue is, what's happened on the non-Abbott side? Who got access to the 2.6 billion? There's a lot of other non-Abbott, needy districts that could not get referendum passed. We have no statewide assessment of need, no prioritization of need, either on the Abbott or non-Abbott side.

And lastly but not least, what can this Legislature do to reform itself? Because one of the things that we have to understand is the Legislature kind of went asleep at the switch after 2000, and did not perform serious oversight management functions over this agency. There's a lot of blame to go around. Some of it comes right back here, because we had these conversations back in 2000 -- about who's going to hold the State accountable for performance. And it came back to this Legislature with the Attorney General. And frankly, we have a lot of examination to do about how do we build the capacity of this body to engage an ongoing oversight of the program that goes forward.

So I'll stop with that. I know I'm over my time.

SENATOR RICE: Assemblyman.

ASSEMBLYMAN BARONI: Thank you, Mr. Chairman.

I have a question, more of a purely legal constitutional question. We are coming to a point, as we just heard our predecessor -- your two speakers ago, Mr. Koeppe -- referring very clearly to an end point on funding. Does your read of the -- it may be *Abbott VII* -- but the *Abbott* decision, where the court ratified the school construction concept -- do you believe that if the money runs out without either bridge funding or

permanent ongoing funding, that this Legislature would be acting -- or it's lack of action would be, on its face, unconstitutional?

MR. SCIARRA: I get that question all the time on other aspects on Abbott, and I'll answer it the same way on school construction, as is true on funding. You've got to take it a step at a time. Hopefully, this Legislature will act and act quickly to get bridge funding in so that the program can keep moving forward, and we don't have to have a discussion about the court, and we can get the court out of it.

As you all pointed out, this is the right thing to do, both for Abbott districts and non-Abbott districts, and we just need to do it. Put whatever controls, short leash, conditions you want. And we urge you to do that to ensure that the money you appropriate, you're keeping track of it; and SCC is, in fact, coming back to you with the game plan for how its drawing down those funds, as opposed to the blank check. That's number one.

Number two is, we've got to go through the process. What we've asked the court to do, which we hope doesn't have to happen, is to really get what you've been asking for today. We've asked the court to order the Commissioner of Education to do what he's required to do under the Facilities Act, by the way, and under *Abbott V*, which is to determine the need. How many projects are in the development process now at SCC? Not the entire universe, but those that are over at SCC in the development pipeline, so to speak. What's the estimate of cost? And then to provide it to you so that you have a determination on which to act. Then we've asked the court to direct the Commissioner to ask you for it. Now, we've always had the Legislature. You have always stepped up to the plate. When those

presentations are made, under Abbott, you've come through. And we would expect, and as the court says, we anticipate that the Legislature will -- what's the words -- will meet that constitutional call, so it does come back to you.

I mean, there's always the situation, which we've not faced, where the Legislature just throws up its hands and says, "We're not going to do anything."

ASSEMBLYMAN BARONI: Haven't we faced that, though?

MR. SCIARRA: Not yet.

ASSEMBLYMAN BARONI: Well, didn't we face it back in July of 1976?

MR. SCIARRA: Well, yes, there was once, in *Robinson versus Cahill*, back in -- you're right. I wasn't going to go there, but--

ASSEMBLYMAN BARONI: I was.

MR. SCIARRA: Good. Where, of course, the court at that point closed the schools down until the Legislature reacted and came up with a new school funding law. Fortunately, it closed them during the Summer and the Legislature came back and acted, and the kids went back to school.

So, look, we can play out those scenarios. But--

ASSEMBLYMAN BARONI: But I think those scenarios are important as we start to consider what we do or not do.

MR. SCIARRA: They are. But what's really important is what you all have said here today. This is too important a program for all kids-- This is not an Abbott, non-Abbott, urban, rural, suburban, inner suburban, older suburban -- this is a program that has reached every single community

from the lowest wealth to the highest wealth and has-- Listen, I think we have to remind ourselves and pat ourselves on the back a little bit. We are a state that, prior to 2000, had no State support for capital construction. Period. If you wanted to build a building or renovate a building, you had to pass a bond and raise local property taxes to do that. For the first time, in 2000, this Legislature did something courageous. It implemented the Abbott side and the non-Abbott side, delivering substantial amounts of capital grants to wealthy districts, middle-income districts -- take your pick -- tremendous property tax relief built into that. We have, still, needs, great needs on that side, as we know from the referendum that have passed, that we're worried about whether they're going to get their grants. And even those that were shelved, we know a lot of non-Abbott district referendum were put on the shelf because people were afraid they weren't going to be able to get the money.

So the need is there. It's there statewide. And I think the challenge you all face is the one-- This is a great conversation we're having here today, because we're finally -- we're starting to figure out: What do we need to get SCC straightened out, short-term? What kind of controls do we need to be put in place on an emergency basis to give us all the kinds of assurances that we need and get some additional money appropriated? Then what we need to do, when the new Legislature gets settled and the governor gets in and the Commission is set up, we need to address some, and more, of the questions that I was raising here today and that have come up today about the role of Abbott districts: is it too complicated, should we be delegating authority down? All of those kinds of questions need statutory change. Should we authorize the SCC to exist independently with

direct control by the Legislature? I could go down the line. Those are deep, difficult questions that you all have to get yourselves geared up to, to consider.

SENATOR RICE: Okay.

Let me thank you.

MR. SCIARRA: Thank you, Senator.

SENATOR RICE: Okay.

Next we want to bring on Dr. Mary Stansky, from Gloucester City, Superintendent. Bring up your facility person, and why don't we also bring up Mayor Thomas Kilcourse, from the same city.

**MARY T. STANSKY, Ed.D.:** Good afternoon.

SENATOR RICE: Good afternoon.

Before you get started, first of all, it's good to see you. Thanks for coming and taking the time and being patient. And I also know you have some of the other district reps here. I just want to acknowledge that they are here -- and that's Ms. Lathrop, the Director of Special Projects; also, Ms. Longer, Director of Special Services; Jack Don, the high school principal; Kathy Clark, a teacher; and then you have the students. Once again, I apologize they won't get an opportunity to speak today, but certainly I'm still trying to visit some of these schools. I definitely like to speak with the students in the process. But what's important is that the people that you need, even from this group, if you need them, call them up to deal directly with facilities -- where we are down there, what we have to do to move forward on something that should have occurred already and should be occurring right now.

And Mayor, it's good to see you again too.

So with that, Super.

DR. STANSKY: Distinguished members of the Committee, my name is Dr. Mary Stansky, and I am the Superintendent of the Gloucester City School district. I am here today to speak on behalf of the students and the families of Gloucester City. Gloucester City is a school district, a small Abbott, serving approximately 2,200 students in grades preschool through 12. The city occupies 2.2 square miles and is located on the Delaware River in Camden County. Gloucester City has been designated as an Urban Enterprise Zone, and is currently involved in a number of projects for the revitalization of the community.

The construction of our new middle school is a key component to the revitalization effort. Unfortunately, after five years of working to get the new school built, we are now told by SCC that our new middle school will not be one of the 59 projects completed by the SCC with their remaining funds. Stopping the construction of the new middle school has had and will continue to have a serious negative impact on the education of the children in Gloucester City and on the community as a whole.

Approximately \$31 million in State and Federal money has already been spent to bring the middle school project to its current status. The Environmental Protection Agency did expedite the remediation of the site at a cost of over \$20 million. And the SCC spent many months and \$10 million to acquire the properties and to relocate the residents that were living on the site. Additionally, \$1.2 million was spent to design the new school. Our district has received approval from the Department of Education for the school model, and schematic and detail design are in

process. There's nothing left to do but to proceed to the construction phase.

The decision not to fund the middle school has left us in a state of limbo with overcrowded conditions in three of our four schools. The decision to stop the middle school project has effectively resulted in the unhousing of 300 students in grades 7 and 8, and 100 students in grades 4, 5, and 6. Currently, students in grades 7 and 8 are housed in the high school building with the grades 9 through 12. The high school is in the final phase of its own construction, which includes renovating and retrofitting the facility to meet the educational standards for a 21st century high school. The school is already overcrowded with 905 students presently housed in the facility. When the renovations are completed September of 2006, the school will have a capacity of 619 students. It will continue to have over 900 because of the lack of building the middle school.

Our students in grades 4 through 6 attend Costello, a very aged school, 100 years old, that was determined by the New Jersey Schools Construction Corporation to be too old to retrofit or to remodel. The capacity for that school is 327. We currently have 427 in the school. This school is overcrowded and its design cannot meet the standards and mandates of the facility that could provide the educational programs needed to ensure our students meet the New Jersey Core Content Standards.

Because of the lack of space in our schools, we are unable to educate many of our classified students in our district. We are forced to place them out of district to the tune of close to \$2 million for tuition each year. In addition to these capacity issues, we are anticipating increased

enrollment across the district as the new housing development projects begin in the city.

As an Abbott district, we are charged to comply with very specific mandates from the Department of Education. These mandates include an educational structure that uses smaller class size, builds in more personalization and advocacy for students, and supports greater academic rigor for all of our students. Unfortunately, we cannot restructure our schools around these educational concepts if we remain in limbo with antiquated buildings and overcrowded situations.

Our children cannot and should not have to wait any longer for adequate school facilities. On behalf of the children of Gloucester City and for the entire Gloucester City community, I ask you, the Legislators of our State, to find -- and to find immediately -- a remedy for this tragedy. Every day lost is a day that cannot be recaptured in the life of our children. I ask of you the same thing that is asked of me as a superintendent of schools, that we leave no child behind.

Thank you. (applause)

**MAYOR THOMAS J. KILCOURSE:** Good afternoon. My name is Mayor Thomas J. Kilcourse, from the city of Gloucester City, Camden County.

I'd like to read this letter, and it comes from the members of the Common Council, plus myself: This letter is being written on behalf of the Common Council of the City of Gloucester City, as well as all of our constituents, residents, and children of Gloucester City. As you well know, there has been very dire information conferred to us through New Jersey Schools Construction Corporation relative to the proposed middle school.

Thankfully, 24-hour security -- the State property on the site -- has been accomplished; and it appears that the demolition of the structures required by the SCC will soon begin.

We are hopeful that relatively soon our emergency response employees -- our police, firefighters, and emergency medical technicians -- and the public in general will be no longer be apt to the threat imposed on these vacant structures looming about us to create havoc at a moment's notice. We are very thankful for all the efforts thus far to accomplish these developments. However, further assistance is needed.

The announcement by the SCC that the middle school construction project in Gloucester City is no longer funded is beyond dismaying; it is unconscionable. The money is already spent by the State for property acquisition, architects, engineers, lawyers, and project managers may well surpass \$11 million; and would draw ire from many, if not most persons, when told the project is no longer funded. But much more has been put towards this project -- a project conceived as being a shot in the arm to the surrounding neighborhood and the city as a whole -- than the SCC and other State agencies. The strides to achieve, to date, the cooperation and hard work between the Gloucester City school district, the United States Environmental Protection Agency, various State and county agencies, the city of Gloucester City and its residents have not come easily.

The EPA's \$14 million cleanup at this site, instead of needed cleanup at a residential and public recreational site elsewhere in the city, certainly holds the biggest price tag. A Smart Growth plan study was accomplished through State funding, in excess of \$40,000, that confirmed the selected school site and its need to be a neighborhood school. There

has been three major redevelopment areas designating close proximity to the site, and our hope to provide better housing in the area and help to rebuild the surrounding neighborhood. Four hundred thousand dollars in a small city's funding is being used to acquire vacant property in the area for redevelopment into housing.

Transportation enhancement funding has been received through the Department of Transportation for pedestrian improvements along Market Street, adjacent to the school, in the amount of \$500,000. Three hundred and eighty thousand dollars in TE funds have been awarded to tie Burlington Street pedestrian areas into Market Street. The county of Camden has stalled its plans to resurface Market Street from Broadway to King Street to better coordinate the school construction.

The city's utility system in the area have been made -- under review, and improvements to accommodate both the needs of the neighborhood and the school due to the need to vacate streets and further upgrade the system. Over 70 properties were removed from the tax base and the water and sewer utility. Last, but certainly not most, the 70 families and three businesses have been or will be displaced from their property creating -- that will end up as a three-block hole in the center of our city. With no apparent plan by the SCC to rectify the situation, there are merely the city's efforts. The schools district efforts will echo the same.

As you can see, the school is the center of the effort. Without it, all the effort planned around it is at least at a standstill until the city can determine what is happening with the site. The city's permanent desire is to see the middle school constructed at that site, but we cannot afford to wait in anticipation for untold years to see this come to pass. We ask for

your help to get the funds of this project restored. Gloucester City's recent strides to become a better community to live in and raise a family in will continue to be hampered by the New Jersey Schools Construction Corporation's recalcitrant actions relative to the middle school.

New Jersey will improve as its communities improve. As part of the endeavor, we need to continue to improve and move forward in Gloucester City. The proposed middle school has been a cog in that wheel for forward progression, and we hope that you convey our needs to your colleagues.

Thank you very much. (applause)

SENATOR RICE: Thank you.

**J O H N K E N N E Y:** Good afternoon, Chairman Rice, Vice Chairman Stanley, members of the Committee for public education. My name is John Kenney, and I am Director of Facilities for Gloucester City school district. I've been coordinating facilities construction--

SENATOR RICE: Excuse me? Is your mike on? (referring to PA microphone) Hit the red button.

**MR. KENNEY:** My name is John Kenney. I am Facilities Director for the city of Gloucester City school district. I have been coordinating the facilities construction with the New Jersey Schools Construction Corporation. That coordination has included the completion of the Early Childhood Center at Cold Springs School, the health and safety remediation at Mary Ethel Costello and Highland Park School for Success, the ongoing renovations and retrofitting of the high school building, and the planning and preparation for the new middle school.

I've been requested to address how the middle school projects evolved in Gloucester City, and to further provide a sense of financial investment that has already been made. I've also been requested to give this Committee an idea of how quickly construction could begin. And if that were to happen, when construction could be completed.

I would like to start by saying that we, the administration, and city leaders were quite confident that our project would be given the go-ahead by the SCC at the July meeting. We could not fathom that a project that had already seen Federal Government remediation effort, which was expedited by the EPA, and another \$10 million invested by the State for acquisition and relocation costs, would be for naught -- this \$10 million paid for the relocation of nearly 70 families and two businesses. The proposed new middle school will be located between Fifth and Sixth Streets and Market and Jersey Avenues in downtown Gloucester City. Gruzen Samton are the architects and planners who designed this project, which started in January of 2004. To date, they have spent \$1.2 million for their effort.

Schematics are complete, approved by the Department of Education, and detail design is 90 percent complete. The middle school, which will replace 100-year-old Costello School, and also house 7th and 8th graders from the current 7 through 12 junior/senior high school, contains a variety of classrooms. They will include art, vocal music, instrumental music, and computer classrooms for grades 4 through 8. In addition, there will be science and technology labs, a cafetorium, gymnasium, auxiliary gym, and distance learning labs. Site improvements will include a sports field, track, and new parking.

The project is ready to proceed to construction documents within six to nine months. We could go out to bid within six to nine months. With nine months, construction contracts could be awarded, and that would bring us to next September, if it was done today. Further delay will cause the architectural contracts to increase. We believe that construction can definitely be completed within 18 months.

Again, I underscore our project was and is ready to go. We certainly fell within the 15-month parameter for construction that had been suggested by the NJSCC in July. With approximately \$36 million in State and Federal money invested thus far, all Gloucester City has to show is an incredible eyesore in the middle of a heavily populated area. Instead of a new school giving a shot in the arm to an area needing revitalization, it simply has made a bad situation worse.

Given the current predicament, we are certainly relieved to know that demolition of the properties will begin shortly, but no actual bulldozers have yet to arrive in town. This is truly a significant public safety problem. For the police and fire departments, demolition cannot begin fast enough.

We are actually at a point where the money that has been invested thus far is close to the amount that the new school would cost. Even if you fund the school tomorrow and the project begins immediately, there are still severe consequences that the July stop-work order has besieged on the Gloucester City school district. Renovations and retrofitting at the high school are proceeding and will exclude classroom space for 7th and 8th grade students. You may ask, why no space for 7th and 8th graders? There is no space because there will be a new Web design

lab, a new vocal music room, new science labs, TV production studio. There is no place because the additional high school classrooms are needed to address the career cluster curricula needs. There is no space because additional classrooms are needed to meet the directives and mandates for Abbott districts and the Department of Special Education, including OTP rooms and additional resource rooms.

If next September the district is forced to re-retrofit the high school to reaccommodate the 7th and 8th graders, the district will need to take back the new TV production room and force instruction to be in a regular classroom, which cannot meet the specialized needs for this pathway -- tackle the needs in the junior high wing, the C Wing, which has already lost administrative offices. This is a security concern that has to be addressed. Who will pay for this re-retrofitting? When will this re-retrofitting occur? The high school construction will be complete, and Gloucester City will have students without classrooms.

Is it my staff that is supposed to complete the construction? I do not have the budget or the manpower to carry out these needs. And our construction dollars are zeroed out, being an Abbott district for construction budgets. Those students will be showing for the first day of school and we need to have the classrooms ready for them. Tell me, as Director of Facilities, where do I put these students next year?

SENATOR RICE: You need to start wrapping up, your five minutes was sounded.

MR. KENNEY: Okay. I'm almost done.

If the shovel's in the ground by next September, the district would have two years to try to accommodate the overcrowding. If the

shovel is not in the ground by next September, I cannot imagine when this problem would be addressed. We are poised to get the shovel in the ground by next September. If this does not happen, what will Gloucester City be left with? No rooms for its students; a project which has already spent \$36 million, and has not gained one thing, especially not for students 4 through 8; 70 displaced residents and businesses; an eyesore in the middle of town; students in overcrowded classrooms, placed in faculty dining rooms and cafeterias and libraries for classes; no 21st century facilities for middle or high school students; eagerly awaited new programs tossed by the wayside. Thirty-six million dollars spent for this, what a deal.

Thank you. (applause)

SENATOR RICE: Thank you very much.

SENATOR RICE: You're indicating that-- It makes your question -- and the mayor can answer this, or the Superintendent. The cleanup dollars came from the Federal Government, is that correct?

DR. STANSKY: Yes, it is.

SENATOR RICE: And those particular dollars only came to you because there was expectation you were going to have a school there. In other words, if there was no school, you probably wouldn't have gotten the cleanup money?

DR. STANSKY: Yes, sir. We went to the Federal Government and asked them to expedite the cleanup in our city. And we were going to put a school there. So they did, in fact, agree to move up the cleanup, and they did do it. They've come. They've gone. Everything is cleaned up to a higher standard than was even required, because it is a school site. So, yes,

that didn't cost New Jersey taxpayers, other than the Federal tax, but it did come from the EPA.

SENATOR RICE: And--

MR. KENNEY: Just so you know too, that remediation is complete.

SENATOR RICE: Okay.

MR. KENNEY: Okay. There is a no-further-action letter that will be issued by the EPA this month.

SENATOR RICE: Then the \$10 million or so that was spent by SCC, that was mostly in acquisition and designs and soft cost dollars, is that correct?

MR. KENNEY: That's correct.

SENATOR RICE: And relocation?

MR. KENNEY: Relocation, yes.

SENATOR RICE: In that area, Mayor or Superintendent, are there any parties that should have been relocated, that was being negotiated, that's hung in the middle of negotiation, have not been removed? Do you know, to your knowledge?

DR. STANSKY: I believe that, though, everyone has.

John, do you know?

MR. KENNEY: I believe that there are still a few families, and I believe there is one business that has not been relocated at this point.

SENATOR RICE: So are those abandoned buildings now?

MR. KENNEY: Yes.

SENATOR RICE: Are they boarded up?

MR. KENNEY: Yes.

SENATOR RICE: Okay. So you're not receiving, Mayor, any tax revenues now?

DR. STANSKY: Correct.

SENATOR RICE: The State is not paying your tax, right?

DR. STANSKY: No, they're not.

MR. KENNEY: No.

MAYOR KILCOURSE: No.

SENATOR RICE: And I suspect that it's starting to create a quality of life issue for you in that community?

MAYOR KILCOURSE: Yes. We've had many problems down there, Senator. We've had our police do extra cruises through there, especially at night. One evening we had three fires at three different locations in that area. It's just something -- something really has to be done. But I do now understand that, I believe, in two or three more weeks the demolition is supposed to take effect.

SENATOR RICE: I'm going to ask, through the Committee staff, to see if they can get me an answer to that particular problem right away. We have a couple of other districts similarly situated.

Assemblyman Craig Stanley and I were working on dollars to address that. We were told the dollars are there, but we were never told when they were going to move. If we were to do demolition tomorrow on your sites, no one is affected. In other words, you're cleaned, ready to go. There's nothing else to be negotiated in that area, is that correct?

MAYOR KILCOURSE: In the EPA part? Part of what the EPA cleaned up, it's all finished.

SENATOR RICE: No, in terms of residents and people living there? For example, in the city of Newark, you have Dewey Street. The problem there, you have a lot of boarded up buildings that have to be demolished, but you have three or four families still living in the middle of that. So we need to just get possession of that, so when we come through we just take them out of there.

You're not situated that way, are you?

MAYOR KILCOURSE: Yes. We still have a business, plus I believe there's two residents still in the area. But my understanding from the SCC is that they're going to do that through condemnation, and that's the last I heard.

SENATOR RICE: Well, SCC needs to tell us what's going on there. And I'll just make sure we find exactly what they expected, and require a meeting with me to bring me up to date, and also to get their location. I'd like to go down and visit them and see just what I'm looking at. I'm going to come to see you. I want to see this location, this area. (Applause) Okay?

MAYOR KILCOURSE: Any time at all.

SENATOR RICE: Any questions from my colleagues?

Assemblyman Diegnan, and then over here, Assemblyman.

ASSEMBLYMAN DIEGNAN: A couple quick questions. I guess the facilities person would be best to answer this. How was this site chosen?

MR. KENNEY: The site was chosen-- We had a committee several years ago-- We have a Facilities Advisory Committee that was established. We actually came up with eight different sites. Gloucester

City is an urban, old industrial town -- 2.2 miles -- so no matter where we go looking for eight acres, we're going to have some kind of issue. So we came up with eight sites, and for various reasons, sites were eliminated.

ASSEMBLYMAN DIEGNAN: I'd be interested to hear the process, so spend a minute or two with me.

MR. KENNEY: Sure.

ASSEMBLYMAN DIEGNAN: I got a sense here that you consider this to be an opportunity for urban renewal. Did you? I mean, your comments are, "This was an awful site, we can't wait to get these houses down, our police and fire--" I mean, did you possibly pick the worst site hoping that this could be a way to create development in the municipality?

MR. KENNEY: No, I don't think so. No. No. No. I don't think so at all.

ASSEMBLYMAN DIEGNAN: How did you choose this site?

MR. KENNEY: Well, just to go back to your previous comment, I think it became the worst site because now the houses are empty and now vandals are coming in, whatever it may be. It was not the worst area in town before these houses became abandoned. Okay?

ASSEMBLYMAN DIEGNAN: In term of contamination, you're talking a site that has \$26 million in remediation. Was that the figure?

MR. KENNEY: We haven't really got a final estimate. The estimates that we got from EPA were between \$20 to \$25 million originally. I don't know what the final number was.

ASSEMBLYMAN DIEGNAN: And what has the site been cleaned-- Has it been cleaned up to residential standards? What standards has it been cleaned up to?

MR. KENNEY: Yes, residential.

ASSEMBLYMAN DIEGNAN: So all the contamination was removed?

MR. KENNEY: It's been removed, not remediated, on that site, yes.

ASSEMBLYMAN DIEGNAN: What was there previously?

MR. KENNEY: There was a Welsbach Gas Mantle factory in the early 1900s, and the gas mantles, which caused the problems, which -- that was remediated.

ASSEMBLYMAN DIEGNAN: Were responsible parties contributed towards the cleanup, or is this all EPA money?

MR. KENNEY: This was all EPA.

ASSEMBLYMAN DIEGNAN: Was it a Superfund site?

MR. KENNEY: Yes, it is.

ASSEMBLYMAN DIEGNAN: Was it designated as a Superfund site?

MR. KENNEY: Yes, it was.

ASSEMBLYMAN DIEGNAN: And you're saying of the eight potential sites, this was the best?

MR. KENNEY: Well, when we looked all around, for many factors -- central location-- Obviously, the children's needs are number one. We want it to be a safe school no matter what, that's obviously number one. But the central location, the least amount of houses that had to be

taken, not crossing major highways, not near high tension wires or railroads. There were many factors looked at. Every site we looked at -- again, we're an old industrial town -- had environmental issues.

ASSEMBLYMAN DIEGNAN: How large is this site?

MR. KENNEY: This site is approximately eight acres.

ASSEMBLYMAN DIEGNAN: And what's it going to cost to build a school?

MR. KENNEY: The school estimate -- roughly \$30 million.

ASSEMBLYMAN DIEGNAN: And you've already paid 1.2 in architectural?

MR. KENNEY: The SCC has paid 1.2 million worth of architectural fees.

ASSEMBLYMAN DIEGNAN: How much more will you be paying in architectural fees? Do you have any idea?

MR. KENNEY: I really could not answer that question.

ASSEMBLYMAN DIEGNAN: Has a project manager been chosen for this site, for the construction?

MR. KENNEY: Yes.

ASSEMBLYMAN DIEGNAN: Now, I noticed in the design of the school, you indicated -- and this kind of confuses me -- they include art, vocal, instrumental, and computer classrooms for grades 4 through 8?

MR. KENNEY: That will be the new middle school. Currently, we have a Mary Ethel Costello School, which houses grades 4, 5, and 6. At the junior/senior high school, which is very overcrowded, the 7th and 8th grades are coming out of the junior high school to go to the new

middle school with the students from Costello School, thus making it grades 4 through 8.

ASSEMBLYMAN DIEGNAN: So this is really not going to be a middle school. This is going to be a super elementary school.

DR. STANSKY: Intermediate.

MR. KENNEY: Yes, yes.

ASSEMBLYMAN DIEGNAN: So 4 through 8 are going to be housed in this. How many students?

MR. KENNEY: Approximately 900.

ASSEMBLYMAN DIEGNAN: Okay. That's all I have.

ASSEMBLYMAN STANLEY: Assemblyman Baroni.

ASSEMBLYMAN BARONI: Thank you, Mr. Chairman.

I have three different lines of questioning; none of them are terribly long. But I'd like to continue on with my colleague's, Mr. Diegnan, questions about the site selection. You said there were -- and forgive me, I did not catch your name at the beginning, so I apologize. You said there were eight sites considered by the Site Selection Committee. Who was on the Site Selection Committee?

MR. KENNEY: We had members of the City Council. We had teachers, parents, anyone that was willing to be on it, we had.

ASSEMBLYMAN BARONI: Okay. Now let's talk about the eight sites.

MR. KENNEY: Sure.

ASSEMBLYMAN BARONI: How many of the eight sites were designated under CERCLA, which is the Superfund law, as a Superfund site?

MR. KENNEY: Just this one.

ASSEMBLYMAN BARONI: So you had eight sites, and you chose the Superfund site to put your school?

MR. KENNEY: Only if we knew it was going to be cleaned up, yes.

ASSEMBLYMAN BARONI: Well, I mean, obviously, you knew--

MR. KENNEY: Yes. But just so you know, before we even started the process, the SCC commissioned an environmental firm to do an extensive study of this site before anything even went forward. That study lasted about six months. A detailed report was given to the SCC, as well as the DOE, before the approval was given. Obviously, we weren't going to go forward with this without any kind of backup. That came back that if the site was remediated, there would be no problem. And that's why we went forward with it.

ASSEMBLYMAN BARONI: Mayor, does it trouble you at all that of the eight sites in your city, the one that was chosen by the Site Selection was a Superfund site?

MAYOR KILCOURSE: Not to get away from the answer, but at that time I was not the mayor--

ASSEMBLYMAN BARONI: Oh, I understand that, Mayor.

MAYOR KILCOURSE: --at that time. But--

ASSEMBLYMAN BARONI: Would you do it again?

MAYOR KILCOURSE: We'd have to look and see what the other seven sites-- I didn't go looking at the other seven sites.

ASSEMBLYMAN BARONI: What of the other seven sites, Mayor -- are any of those sites being used for anything else?

MAYOR KILCOURSE: It's all residential.

ASSEMBLYMAN BARONI: Have any of them been part of a redevelopment area?

MAYOR KILCOURSE: Our redevelopment area, no.

ASSEMBLYMAN BARONI: No. So there's no redevelopment housing projects on any of the other seven sites?

MAYOR KILCOURSE: No. Our redevelopment is currently being taken care of along the Delaware River.

ASSEMBLYMAN BARONI: Right. But that site where it's being -- taking place was not considered to be one of the sites for the school?

MAYOR KILCOURSE: That was all former old business places and industrial areas.

ASSEMBLYMAN BARONI: So what happened to those industrial areas, Mayor?

MAYOR KILCOURSE: What happens to the--

ASSEMBLYMAN BARONI: You just told me they're redeveloping those areas, right?

MAYOR KILCOURSE: Right.

ASSEMBLYMAN BARONI: What are they doing physically to those areas -- tearing buildings down?

MAYOR KILCOURSE: They're tearing the buildings down.

ASSEMBLYMAN BARONI: And putting what there?

MAYOR KILCOURSE: Houses.

ASSEMBLYMAN BARONI: So you're putting houses there. In the place where those buildings are getting torn down and the houses are going up, is that a Superfund site?

MAYOR KILCOURSE: No.

ASSEMBLYMAN BARONI: So on it's face, sort of a better site to be building on, correct?

MAYOR KILCOURSE: Beg your pardon?

ASSEMBLYMAN BARONI: The developer of the housing in your redevelopment area doesn't have the cost of cleaning up the site, right, because it's not a Superfund site?

MAYOR KILCOURSE: Well, we have five developers that are--

ASSEMBLYMAN BARONI: Say it again?

MAYOR KILCOURSE: We have five developers that are in there--

ASSEMBLYMAN BARONI: Okay.

MAYOR KILCOURSE: --that have a conglomerate, and they're working on the buildings that are down.

ASSEMBLYMAN BARONI: So developers are going to come in and build housing right there on the Delaware, look over and see Philadelphia. It's sort of a growth area where all-- Here's my question. Mayor, I agree with the parents in your city who I've heard from who say, "We need a school." I agree with you. And I got to tell you, Mayor, it's not your fault. I understand that. It's the Site Selection Committee. But I got to tell you, when I'm hearing we're doing redevelopment on a spot that's

not a Superfund site, yet we're backed up because the school couldn't be built, I'm a little confused by it. Did you make the school--

MAYOR KILCOURSE: You mean, you think we should have put the school site down along the riverfront?

ASSEMBLYMAN BARONI: Do you think so, Mayor.

MAYOR KILCOURSE: No, I don't.

ASSEMBLYMAN BARONI: So it's better this way. You think so?

MAYOR KILCOURSE: In my opinion.

ASSEMBLYMAN BARONI: Let me ask another question. Again, sir, forgive me, I forgot your name. You said that one of the reasons why this site was better than the seven non-Superfund sites was that it's centrally located.

MR. KENNEY: Yes.

ASSEMBLYMAN BARONI: Didn't you just say that the town is 2.2 square miles?

MR. KENNEY: Yes.

ASSEMBLYMAN BARONI: Is there a part of it that would not be considered centrally located?

MR. KENNEY: Yes. Gloucester is kind of split between a couple of highways that -- for children crossing-- For example, Route 130, 295 kind of comes through.

ASSEMBLYMAN BARONI: Right.

MR. KENNEY: Market Street is a very large county road. So it is centrally located. We have a lot of walkers. We did not want-- It's very close to where Mary Ethel Costello School is. It's two blocks from that

current school. And most of the people do walk. It was just felt that that was the most central spot, and it would be the best location.

ASSEMBLYMAN BARONI: One final question. You talked about the site management right now -- there's a project management firm, right, your wording?

MR. KENNEY: Yes.

ASSEMBLYMAN BARONI: Who's the project manager on this?

MR. KENNEY: URS.

ASSEMBLYMAN BARONI: Okay, thank you.

Thank you, Chairman.

ASSEMBLYMAN STANLEY: Thank you, Assemblyman.

I just have a couple of questions here -- maybe one question. But I certainly want to thank you for coming out, coming up here to Trenton. I know we had tentatively-- I had promised and we had tentatively scheduled a subcommittee hearing in Gloucester City. But the Chairman wanted to have a full committee hearing, and so we didn't have that subcommittee hearing. But I'm certainly glad that you and your students came up here today. I guess the question I have is, is whether the fact that this is a Superfund site or not a Superfund site, did that have any-- Did the SCC say that because this was a Superfund site, that's why we're not going forward with your construction? I don't think it had anything to do with it being a Superfund site or not being--

MR. KENNEY: No, they did not.

DR. STANSKY: No, they didn't say that.

MR. KENNEY: No, because they actually approved the site after the study was done.

ASSEMBLYMAN STANLEY: Yes. And in other words, it's a function of the fact that we don't have enough -- we don't have the moneys necessary to keep this project going at this time. Is that correct?

DR. STANSKY: Correct.

MR. KENNEY: That's correct. We were never told that, because of the site, that's why it's not moving forward -- never.

ASSEMBLYMAN STANLEY: Exactly. And I think that's what we really have to keep in mind, is that these projects will not go forward until the Legislature either says that we're, in fact, comfortable enough or -- and we need to hold SCC accountable to make sure that we're comfortable enough. Now, we can't say that until the SCC gets its act together that we're not going to fund the rest of these school projects. We can't afford to do that. What we have to say is the SCC has got to get its act together, and were going to be holding SCC's feet to the fire to do that. And I think they're on the right road, and I think we'll continue to make sure they're on the right road.

And we have to ensure that they have their act together, and then we either have to do one of two things -- we have to say that we're going to allow more bonds to be issued to continue these projects with certain conditions going forward, or that we're going to have to say that this is, in fact, a going concern. The SCC is a going concern. We are not out of money. However, we understand as a legislative body, sworn to uphold the Constitution, it's our constitutional obligation to fund these schools, so that we can, in fact, say, "Okay, SCC, you continue to go on building." We will

ensure you that the moneys will be provided, and that way we won't have the holdups that we're having. But we can certainly -- I think this is a tremendous example of the domino effect of holding off or holding up on school projects.

I thank you for coming. Thank you very much. (applause)

SENATOR RICE: Thank you very much.

Next, we're going to bring up Camden. We have here Ms. Annette Knox, from Camden, and her delegation.

**ANNETTE D. KNOX:** Good afternoon.

SENATOR RICE: Good afternoon.

**MARTHA WILSON:** Good afternoon.

MS. KNOX: And thank you for this opportunity to address you and speak about our concerns about school construction and facilities in the city of Camden. First, I'd just like to preface my remarks by saying that in order for our State, our country, and our world to be productive, we must provide an equitable education for all of our children. And certain conditions must exist for this to take place, and lack of funds should not determine whether or not these ingredients are provided. The environment in which our children receive their education is very important. As a matter of fact, it's as important as the administrators, teachers, support staff, textbooks, instructional supplies, and other necessary supports that impact student performance.

We have seen school buildings being built all over the State of New Jersey. But unfortunately, in some urban school districts such as Camden, we have not yet put one building in the ground. And some people

would say it is the fault of urban school districts, but the facts suggest something else.

I'm very pleased to hear today that there will be consideration for a change in the inclusion of urban school districts in making decisions with SCC, regarding their schools. I want to speak very briefly about some things that are specific to the Camden school district in regards to the facilities funding. Only six of the 40 projects anticipated in the 2000 long-range facility plan have been funded. And prior to the SCC's July 27 Board meeting, the Camden school district had been lead to believe that 15 projects were approved and funded. A majority of the 15 projects have schematic approval from the Department of Education, and many of those projects were almost complete with construction documents.

Only two of those 40 projects are under construction in Camden, currently -- the ECDC and renovations to Pyne Poynt. Funding for the six approved projects totals approximately \$162 million. At the current cost of constructing a school in urban areas, the cost of completing all 40 schools will exceed \$1 billion. The cost of delaying one school project is equal to \$1 million per year, due strictly to escalation of cost.

The cost of Camden schools has already risen \$40 million since the SCC determined that funding was running out. To accommodate enrollment growth over the next five years, four new pre-K to 8th grade schools must be constructed by 2010, and all of the remaining schools will need to be renovated or replaced. In addition, two new planned high school facilities must be completed, and all of the remaining high schools renovated or replaced. It takes a minimum of five years, according to the current plan, to complete a school project from inception to occupancy.

The planning process for these new schools must begin immediately, and the bureaucratic process for approvals must be streamlined. If no additional funding is provided, it is anticipated that almost 3,500 students will not have classroom space by 2010. In addition, about 13,500 students will be housed in educationally inadequate schools. To accommodate projected growth over the next 10 years, as a result of the State's efforts to revitalize Camden, 10 new pre-K to 8th grade facilities and eight new high schools are needed. In addition, all of the remaining school facilities must be renovated or replaced.

One of the major life safety projects -- the exterior renovation of Camden High School -- is still not funded despite numerous promises made to the Camden school district. In fact, the construction documents for the exterior renovation were complete and out to bid when the project was put on hold. Currently, the entire perimeter of the building is fenced for safety reasons and safety conditions persist. Windows remain unsafe and are sources for potential injury or death. Masonry pieces are still subject to breaking off. It remains a safety hazard for students, faculty, and visitors to the building, and a distraction for the entire neighborhood.

Lanning Square Elementary School, recently scheduled for modernization, was closed under emergency conditions in November of 2002. The 600 students were relocated to smaller, inadequate facilities. Also, it created overcrowding conditions in neighboring schools because grades 6, 7, and 8 had to be housed in our existing middle schools. Design of the replacement school will be ready for bidding and construction in the Spring of 2006. Yet land acquisition has not begun, and the project has

been stalled. Land acquisition takes, according to the current structure, two years to complete.

On several occasions, the Camden school district was asked by both the Department of Education and the Schools Construction Corporation which projects were a priority for our district. The district consistently responded that the life safety repairs at Camden High School and the reconstruction of Lanning Square were of highest priority. Yet neither project was included in the SCC's list of 59. A number of life safety projects in the district have been completed. None of the projects dealing with educational adequacy have been completed, however. This means that most of Camden's students are housed in classrooms that are too small, that are outdated, have outdated systems, where we have extreme problems with technology, that finishes are failing, and that they do not meet basic educational standards set by the New Jersey Department of Education.

The State of New Jersey is investing hundreds of millions of dollars in Camden's revitalization. And of course, research has shown that educationally adequate public school facilities are key to the success of any redevelopment effort in any school district and any city. And in order for Camden's revitalization to be successful, the construction of new and replacement schools and the renovations of other schools must continue as soon as possible.

In closing, this period of time for SCC should be used to restructure SCC so that the next phase will be implemented through a process that ensures that funds are expended to build schools expeditiously. When SCC supports the process, a process that is too complicated for the

Abbott districts, you again have said to people in the Abbott districts that you cannot be a part of the process, that you have nothing to offer.

We have been through a number of years with this process and completed our new facilities long-range plan. We have much to offer to the process. We're ready and willing to do so, so that we might be able to bring to our children an adequate education.

And I thank you for the opportunity to bring these remarks to you on behalf of the Camden school district and our Board.

And with me today we have Ms. Martha Wilson, who is a vice president of the Camden School Board.

SENATOR RICE: Okay. Do you have anything to add to that?

MS. WILSON: I came up to the meeting that you held up in Essex County--

SENATOR RICE: Hit your red button. (referring to PA microphone)

MS. WILSON: --and I know that you and Assemblyman Stanley said that you would possibly come down--

SENATOR RICE: Hit your red button on the mike, on the microphone.

MS. WILSON: I was present at the Essex County meeting that you had, and I'm aware that you talked about possibly coming down to meet with Camden and Gloucester jointly. We did put out a letter to the office of both you and Assemblyman Stanley, and I've made six calls to your offices. And thus far, I have not gotten any responses, and I know that's not normal. Because I know if we reach out, normally someone responds to

us. So we would like to invite you, if possible, to come down and meet with us in Camden, start at the Abbott districts.

We, currently -- I am really concerned about the Lanning Square School. That school -- pieces are falling from that building on a daily basis, and the children have been split up and they're being housed in two other areas. A lot of the parents and the grandparents and guardians there are senior citizens or older people who have to walk these children, because it's an elementary school. So it is vital that we could get some help to get -- even get it demolished, to the point that no one gets hurt in that building. The fences are up, but nothing has been done about having it demolished.

SENATOR RICE: Okay. I don't have any of these messages, because anyone who knows me, knows I pretty much respond back in a reasonable period of time, and the Assemblyman is the same way basically. But that's not my issue, we can address that.

My concern is in Camden. Camden has a major "initiative" that's supposed to be getting started, and we voted on sometime ago, as a city. Is the school pieces, if you will -- project reacting to that whole, overall master plan for Camden? Is that part of the barrier, to your knowledge?

MS. KNOX: Well, the school district is involved and has become a part of the master plan, because we had to become a part of the master plan in order for us to choose sites for our schools. But we receive our funding through the same venues that all the other school districts-- We do not receive any additional funds through the initiative that's set forth for the city. We're not included in the \$175 million.

MS. WILSON: We lost our rights to vote for three years, in order for that to take place, as a split school board.

SENATOR RICE: Okay. Let me assure you we're making note. I'm going to be busy in Gloucester City. I'm going to stop into Camden too, to take a look at that. I don't need to have a committee meeting to come and look. And that's one of the difficulties arranging meetings, you have to get members to go too. But I'm a hands-on. We're going to take a look at that. And in the meanwhile, that's on our list to go back to SCC to figure out where all this demolition is, in the process. Because that's one that concerns myself, and Assemblyman Stanley and I have talked about this. Regardless of what else occurs, we have to get some of this demolition done for a lot of reasons. It goes just beyond a new school. It goes to the heart and the quality of life, particularly in urban America. Okay?

Let me thank you very much for your testimony. Do you have anything you want to leave with us? Please leave with staff, okay?

MS. WILSON: Thank you.

MS. KNOX: Thank you so very much.

SENATOR RICE: Okay.

Next we're going to bring up--

Any questions from the members -- I'm sorry -- to Camden?

Are you okay?

ASSEMBLYMAN STANLEY: No. Well, I just wanted to mention that we had-- And I appreciate your coming up as well. And just as I mentioned to Gloucester City -- I don't know if you were here and you heard -- we did schedule, tentatively, a meeting for Gloucester City. But in

deference to the Chairman and the total Joint Committee, who wanted to have a full Joint Committee meeting, we had this full Joint Committee meeting here in Trenton. That's the only reason why we didn't come down to Gloucester City to meet on a subcommittee basis. But I will also go with the Senator if -- hopefully our schedules will permit us both coming down.

It's certainly a huge issue. This is an issue not just for the Joint Committee, but as the Senator said-- I'm Chair of the Assembly Education Committee, and it's going to require that the Education Committee get moving on this issue as well, which, of course, we are. That's the first stop for our authorization of increased funding, and we're certainly going to do that, along with a number of other initiatives.

But we will be coming down. And I apologize, if you called. Maybe it was in reference to the Committee meeting--

MS. WILSON: Yes.

ASSEMBLYMAN STANLEY: --which we had cancelled, in deference to the Senator's full Joint Committee. But somebody should have gotten back to you and let you know that was the case.

But thank you.

MS. WILSON: Thank you so much. And if you would like, if you need us, our doors are open. If you come in the area and you need us to go around with you, we'd be more than happy to do that.

ASSEMBLYMAN STANLEY: Fantastic. Thank you.

MS. WILSON: Thank you.

MS. KNOX: Thank you.

SENATOR RICE: Next, I want to bring up, from the city of Newark, Dr. Ray Lindgren; and also Councilman Amador, an East Ward

councilperson; and also the ICC. Okay, (indiscernible). And I believe that's the delegation. Is that correct? That's pretty much it.

Good afternoon.

**RAYMOND M. LINDGREN, Ed.D.:** Good afternoon to the members of the Committee.

**SENATOR RICE:** Sure. Why don't we give deference, Ray, to the Councilman first, and then you take it from there, and then the community-based organization.

**DR. LINDGREN:** If I might suggest, Senator, the way we had discussed this, I was going to present an overview, and then I believe the councilman and the others would be dealing with more specific situations--

**SENATOR RICE:** Okay, fine.

**DR. LINDGREN:** --and it might flow a little bit better if we did it the other way.

**SENATOR RICE:** As long as you've had some discussion, because all we get is a list of who's going to speak. They never tell us they had a pow-wow. (laughter) So I was trying to put it together. And one thing about this House, unlike others, we do respect protocol.

**DR. LINDGREN:** And, certainly, do we. We are very grateful to have a member of the City Council. And the district does wish to acknowledge the fact that throughout this process -- as may or may not have been the case in other areas -- in Newark, the city and the district have been working very closely together throughout this process.

Just to introduce myself, I am Dr. Ray Lindgren, Executive Assistant to the Superintendent for the Newark Public Schools.

On behalf of the district, we first and foremost want to start by saying how grateful we are for this opportunity. Seven years ago, when the Supreme Court, in *Abbott V*, mandated that the State provide adequate educational facilities in all of the Abbott districts, we were very excited and grateful. This is an opportunity that is long overdue, and we were thrilled to make it happen.

There is no question that Newark has a desperate need for adequate educational facilities. The average age of a Newark school building is 85 years old. Twenty-five of our school buildings were built before 1900. Eight of our school buildings were built before Thomas Edison invented the electric light bulb. One of our schools opened 12 years before Abraham Lincoln was elected President. And while there have been some additions to that building, the newest in 1904, the 1848 section of that building is still very much in use.

As a school, as a district, as a community, we desperately need new schools. To that end, in 1999, Newark submitted its long-range facilities master plan to the State Department of Education. In February of 2001, the Department of Education approved that plan. Let me repeat, in 2001, the Department of Education approved Newark's plan, saying these schools were necessary to meet the educational needs of our students. That plan calls for 40 new and replacement schools, and 30 renovated buildings. And yes, as was asked earlier -- how was that determined -- there was a massive, exhaustive, extensive review of all of our facilities to see, could those buildings be renovated and brought up to level. If they can, they will be. If they can't -- if they are either so far deteriorated or it would cost so much money to have them renovated, then they will be replaced.

By 2003, the Newark Public Schools had submitted 53 individual school projects to the Department of Education. And in that same year, by the end of that year, the Department of Education had forwarded 48 of those projects to the SCC. The Department of Education had acknowledged that all 48 of those schools were necessary. These were not promises, these were requirements to meet the mandates of the court.

Where are we with those projects? Fourteen of those 48 projects are still sitting on a shelf. They have never been able to move forward by the SCC. Another 13 were in the site investigation phase. The State and the SCC were actively looking at whether the sites were appropriate, whether a building could fit on those sites. In some cases, they have taken over three years to do that. And now that entire process has stopped. Millions of dollars was spent on those feasibility studies, but those processes have stopped.

Two schools were in the ready to have architects selected. Last December, they were ready to have the architect selected, but the State said, "We have no funds," so those projects, likewise, were stopped. Sixteen projects had actually gotten to the point where they were in the active design stage. In most cases, the State has or shortly will have completed the land acquisition for those projects. The designs are done. As a result, if funding were available, 11 of those 16 schools could go into construction this year. Five more could be in construction next year. But only five of those projects will move forward.

Those were our priority projects. Four of those 16 schools are in the Ironbound, which is horribly overcrowded. All of those projects met

the criteria -- and you were given earlier -- for selecting schools for SCC's cut list. But none of the schools from the Ironbound made that list.

Harriet Tubman is in deplorable condition. It was slated to be replaced. As a result, we were not spending any State taxpayer money to keep it going. But Harriet Tubman didn't make the cut list. So now, millions of dollars will have to be invested in making that school safe and adequate to keep the process going.

We do have two schools that are in construction, and we are grateful for that. We also know that within the next few weeks we will have groundbreaking for First Avenue, and we are grateful for that. But when you add together the two schools in construction and the five that have been approved, we're talking about seven schools. Seven down, 63 to go. It's a very long process that has us very frightened.

We are very happy to say that Newark does have one new school -- the new Belmont Runyon opened in September of 2004. The new Belmont Runyon Elementary School was built on time. The new Belmont Runyon Elementary School was built on cost. And last month, we were very pleased to receive a national award for educational excellence in the design of the new Belmont Runyon. The new Belmont Runyon was built by the Newark Public Schools. When given the resources and the opportunity, the district got the job done.

The process the State has created is clearly not working. And we are here today to appeal to you to help make the process work. Because the State does not trust the Abbott districts, the State created another entity which is taking millions of dollars of funds. The State has mandated that there be management firms, and the State has put in place a process

that takes far too long and is far too complex. It's losing millions of dollars and, equally important, it's losing critical sites that we need for our schools. How long must the long-range facilities plan last? In the end, how long is long? At this point, how long? Too long?

We have several recommendations we urge. One, we urge the State to find the funding to keep the process going. We urge the passage of the bill that Senator Rice and Assemblyman Stanley have proposed so that projects such as the 16 projects in Newark can be completed and we can provide the education we need.

Secondly, we urge that the State move forward and lock in the land that we desperately need before it is gone. When this process started, the Newark Public Schools, the city of Newark, and the community worked tirelessly together to identify appropriate sites. We now need to acquire those sites.

And finally, we need to more actively involve the school districts in the process. We have been outsiders. We need to be insiders, so that together we can make the process work.

Thank you.

SENATOR RICE: Thank you.

Next.

**COUNCILMAN AUGUSTO AMADOR:** Members of the Committee, Mr. Chairman, approximately two months ago we learned of the details of the decision not to include one school from the Ironbound in the final list. As one who has been involved in this struggle for a few years, I could not be more angry with the decision made by the Special Committee regarding the final list of schools to be built with the remaining

funds. Let me assure you that the anger and frustration that I've felt for the past two months is a reflection of the way the Ironbound community feels as a result of this decision.

In a letter from Lisa Mason, Chairperson of New Jersey Schools Construction Committee, to Al Koeppe, Chairman of the SCC Board of Directors, Ms. Mason states that the Department of Education advised the Special Committee that the SCC should complete construction of eight Early Childhood Education centers in five districts -- Elizabeth, Jersey City, Pemberton Township, Perth Amboy, and Trenton -- based on the need in some of these districts to replace temporary classroom units with permanent facilities.

In addition, based on the responses we have received from the various Schools Construction officials, the criteria used to create the final list was based on schools with overcrowding and health issues, those that served as childhood centers, and are well along in the design or land acquisition process. For those who may not know the Ironbound as well as we do, allow me to guarantee you that there is no other community in the State of New Jersey that fits this criteria better than the Ironbound.

Most of the schools in the Ironbound were built at the turn of the 19th century. You heard me right -- 19th century. Capacity is well over 100 percent in all the schools, as auditorium and closet space is being used as part of classrooms. None have air conditioning. Of the first 16 schools on the Newark school district's priority list, five are in the Ironbound. Kindergarten classrooms are spread all over the community, and in spaces far away from the schools. Let me add that there has been a preschool waiting list for many, many years.

A review of the school construction projects in the design phase reveals that Oliver Street School's design has been completed, and land acquisition is at least 50 percent complete. South Street School's design is complete, and land acquisition is complete. Ann Street School's design is complete, and there is no need for land acquisition. Let me add that the community was promised that these three schools would be in construction either in the end of 2005 or in the early months of 2006. Naturally, that didn't occur.

As a resident of Newark, I fully support the decision made by the Special Committee to build or select the five schools in our city with the remaining funds. Oliver Street School's estimated cost is \$32 million, Ann Street School is \$24 million, while South Street School's cost is \$20 million. Do the math. I should remind you that the design and land acquisition for these schools is basically completed also.

Can someone explain to me the logic of placing, for example, West Side High School on the list, when its cost is projected to be \$62 million and its construction won't begin until two years from now? Did anyone from the Special Committee attempt to visit any of the Ironbound schools before making such a drastic decision? Does anyone know that every school in the Ironbound has trailers in their playgrounds? Are you able to comprehend the level of anger felt by our community as a result of this decision? Are you or the Special Committee aware that Oliver Street School has 17 teachers with no classroom?

We were informed more than once that the decision not to include, on the list, one school from the Ironbound was nonpolitical. If that is true, how can one explain the fact that, since the Ironbound schools met

all the criteria used in the selection of the final list, none were chosen? Is that because most of the parents of these youngsters who attend the Ironbound schools are immigrants and may not have political determination to act in response to this decision? I hate to think not.

In my letter of August 1, 2005, to Acting Governor Codey, I stated that the referred decision needs to be denounced as a clear sign of bureaucratic absurdity and shows no respect for those well-intentioned Ironbound residents who spent countless hours working in helping with the land acquisition or the designing of the schools. As a resident of a hardworking and law-abiding community, I just wish that those faceless members of the Special Committee, who had the responsibility to make such a decision, should also have the obligation to explain to those youngsters and their parents how they arrived at it.

In his response to my letter of August 8, Acting Governor Codey stated that his administration is committed to providing a State government that works for all the people of New Jersey. The Governor added that with stability and dignity we have the power to make our lives better.

Well, Mr. Chairman, in view of the fact that the decisions in question show a total lack of respect for our community, we simply demand justice. I can assure you that we will not rest until one school, at least, is included in this list.

Thank you.

SENATOR RICE: Thank you, Councilman.

Joe.

**J O S E P H D E L L A F A V E:** Good afternoon, Chairman and Committee members. And I would like to thank you for being here to hear our testimony as well. Thank you.

My name is Joseph Della Fave. I'm the Executive Director of Ironbound Community Corporation, a nonprofit agency providing services for more than 600 people, daily, in our neighborhood. We support, with our colleagues around the state, the continued funding of the full Abbott construction program, including, but not limited to, the bill being proposed by Senator Rice and Assemblyman Stanley.

In addition, I also, as an Executive Committee member of the Early Childhood Coalition of Newark, support funding for preschool facilities, including those for community providers in whose buildings 70 percent of Abbott preschoolers attend school.

Like Councilman Amador, we're here today particularly to address the injustice done to the Ironbound Community by the SCC in the State of New Jersey. And we're asking you to do all in your power to right this injustice. The SCC said earlier that a number of promises were made. Some of those promises were made to us, indeed.

I, personally, have been part of the design and planning process of a number of schools, have sat at meetings when the SCC guaranteed schools would be built. But let me make that more specific and real for everybody. There are 50 parents who are here today. They're among the parents who not only saw architectural renderings of their schools of the future, they were given construction starting dates. They were given days that the school would open. People are devastated. And why are they

devastated? Because the children in Ironbound -- 6,000 total -- are going to school in deplorable conditions.

Let me just give you some quick examples without trying to repeat what Councilman Amador said. The Ironbound schools, all six elementary schools, were built between 1848 and 1887. You did not mishear us -- 1887 is our newest school. These dates don't tell the entire story. In 2000, when we began our advocacy for new schools, we put together this chart of enrollment numbers. As you can see, Ironbound's elementary schools were built for 2,500 kids. There were 4,500 kids in the year 2000. Since then, it has only gotten worse. How much worse? There are 5-year-olds in our neighborhood who cannot go to Kindergarten because there's no room in the schools. This is against State law, and we don't understand why the SCC does not recognize the urgency.

What does it mean for children to go to schools in 19th century, overcrowded schools? I'm going to show you a couple of quick pictures, which you also have copies of. South Street School has no art rooms, no science labs, no gymnasium. What it does have are these railroad rooms where students and teachers must travel through classrooms to get to each other's rooms. It means that desks are squeezed in crowded classrooms right up to the front of the classroom. As you can see in another picture, where the teacher must be a contortionist to use the blackboard. It means that when schools have 2 to 600 kids more than they should have, that closets must be used as classrooms, as you can see in another picture attached to the testimony.

It also means that tables in hallways-- I'm sorry, before I skip another picture -- we have a picture of two desks in a hallway. These are

the desks for the social worker and the drug counselor in Oliver Street School. Things cannot be a whole lot more absurd than this. The next picture you have, labeled G, is a table in the hallway of Oliver Street School. It's where robotics is taught. Last year, a team from Oliver Street School represented the United States of America in an international competition in Japan. Could you imagine if people around the world had known the conditions within which these students were learning, and the conditions within which many students in the Abbott districts are learning? It's an embarrassment, and shame on all of us for allowing this to continue one day longer. And by the way, this team from Oliver Street School won first place in the team competition.

We can go on, but I think, obviously, the pictures should be clear. We know that the Newark school district understands the emergencies here. On its priority list of schools to be built, five of the first 16 are Ironbound schools.

We were a little baffled this morning when the SCC said that they do not prioritize their projects. They get it from the district's long-range facility plans. Ironbound schools are prioritized in Newark district's plans. We know Newark school district was not consulted so we don't understand why an Ironbound school is not being built.

In the end, obviously, this is not about fighting simply about the crumbs of what's available here. Clearly, we think that something needs to be done today for Ironbound. Clearly, there's a whole lot more money that needs to be allocated to keep this process going, so we obviously fully support the bills that are on the table for continuation funding. And this must be done immediately. We support, in the future, the full funding of

the Abbott school program, so that kids in Ironbound and kids everywhere else around the state can have decent buildings within which to learn. This is what it's all about in the end. And we can tell you that the kids at Ironbound, the parents at Ironbound, can't possible wait a day longer for new schools to be built for Kindergarteners to be registered.

Thank you very much. (applause)

SENATOR RICE: Thank you all for the presentation.

Let me just ask a couple of quick questions. Ray, the 11 schools we were talking about, they were basically ready to, assuming a ready amount of money -- they want the shovels going into the ground this year or the shovels ready to go into the ground in 2006. They were geared for this year?

DR. LINDGREN: When we of the district use years, we're talking -- I'm sorry. (referring to PA microphone)

When we talk, as a district, in years, we use school years. So we apologize. During 2005-2006 school year, before next June, every one of those 11 schools could have gone in. Every one of those 11 schools are at the 95 percent design phase. And in all of those cases, the land is either acquired, almost acquired, or not necessary because the district has it.

SENATOR RICE: Okay. Within those schools, that includes the Ironbound schools or that's in addition to?

DR. LINDGREN: That includes the Ironbound schools. We had thought that they were the ones that would be moving forward.

SENATOR RICE: So technically, out of all of the basic schools, the Ironbound is probably in the best position, if you will, to just move forward. Because Councilman, if I heard you correctly, one area there

is no land acquisition at all. Everything is just ready to go. You're just sitting there waiting for some money to say, "Go." The other one is pretty much completed with everything, just a small minor adjustment to be done, that could probably be done in 60 or 90 days with some approvals. Okay.

All right. Let me assure-- First of all, let me thank the residents for coming down. We thanked the Gloucester County students, because the process is very important to understanding where we are. Let me also assure you that we're going to be fast-tracking trying to get these dollars. But it goes beyond that, because we'll get through phase 2006, some kind of way, and try to get these projects in. Priorities are being pushed towards those Ironbound schools, if we can get these dollars. But I'm also concerned because, just like the rest of the city of Newark, the Ironbound had additional schools.

I don't have a read yet, totally, on the East Side project, and we need to get more information on that to give to you. I don't have information on Hawkin Street, for example. The last that we heard there, I believe, Councilman, is that they were negotiating one piece versus another piece. They may need it, they may not need it, and that was the last we heard when everything came to a conclusion. So I'm going to make sure that the staff checks with SCC to try to get a read on everything -- with the anticipation that the dollars would come for Fiscal Year 2006, at the tune of at least 3 billion -- to see where we are in these districts, with what are actually ready to go. And that's one of the aspects of this particular hearing -- to try to hear from the districts, as thoroughly as we did from the Newark districts, what's ready to go.

So I just want to be on record with that.

Councilman, yes.

COUNCILMAN AMADOR: Senator, if I may, let me give you another picture of what went wrong with the system. And we all read this in the newspapers. The early or the initial plan to build a new high school was supposed to be in a particular, private location. One company that was there at the time was compensated with approximately \$5 million to relocate and move to South Jersey. Well, not only the plans were changed and the location of the site was changed, but the company now has moved out of Newark, and the owner of the area where the high school was supposed to be built is now suing the district, if I'm not--

DR. LINDGREN: The SCC.

COUNCILMAN AMADOR: The SCC. I'm sorry, the SCC. So this is mind-boggling. When they should have consulted with the community from the very beginning, and the community would tell them -- like they did in other schools -- and the community would tell them exactly where the space was available. I began this process about five or six years ago by meeting with developers and owners of land in the Ironbound. There was absolutely no reason why we have the problems that we have. And to come to a point and state that the criteria used to finalize the list was basically overcrowding, health reasons, and -- the third one, I forgot the third one -- that's the criteria that the Ironbound fits in. The Ironbound began this fight in the city of Newark about six or seven years ago, because of overcrowding conditions.

Well, let me give you another piece of news. It has gotten worse, not better. I just mentioned that we have 17 teachers in Oliver Street School with no classrooms. My daughter teaches at the oldest school

in the State of New Jersey, and it's probably the best one that we have in terms of the quality of the school, the building, in the city of Newark -- Lafayette Street School. And the problems are the same.

So let's not look around and look for guilty parties to point the finger at, because we're all guilty -- all guilty. Someone should have sat down and said, "Let's look at the list, if the list fits the criteria that we're looking for in terms of age of the buildings, health reasons, overcrowding," and then do the right thing for the different communities. I dare you just to go to the Ironbound in the morning, at 8:30 in the morning, and go from school to school like I do from time to time -- and I did today -- and see the kinds of things that I see.

And as Mr. Della Fave said before, we had representation from the United States of America, from Oliver Street School, that still, under those conditions, those kids performed tremendously. We have a Blue Ribbon School in the Ironbound, as you know. And we are getting absolutely no respect whatsoever. And if I feel upset, if I sound upset, I am right to be upset.

SENATOR RICE: And you are correct to be upset, just like I'm upset. I show it locally, more than anything else, about a lot of things. Let me assure you that it's certainly not a problem because it's a immigrant community, from my perspective. I can't speak for SCC, because we're arguing the same issues down here related to immigration when we talk about illegal students not being able to go to college. So we're on the same page.

But in terms of those districts there and the schools there -- I'm going to go past them again. It's been a while. I drive the streets, but I

need to get back in there. We need to fast-track that, because one of the things that offends me in the process -- and I made this clear down here -- is you did work hard. And I recall not that long ago when SCC assured us, when there was some land acquisition problems in Newark, that the municipal council was rightfully holding up, because of a lack of participation. But there actually came a do-or-die time that we pushed through the agreement with the land acquisition, because we were assured then -- and I remember you raised the question many times -- is the Ironbound going to be in the mix? We were told by SCC, "Yes, these projects that have been approved and acquired by the Council, approved by the Council, the funding would be in place for that."

The question became, what happens to other projects that didn't get to that part of the process? And to say you're coming back now, and then -- you have 11 projects that were already in the process -- to say only two of them or three of them have funding does not make any sense and make any of this happen. But it's the kind of information that my colleagues are not aware of, district by district, and that's why this record becomes very important. But it also becomes important so that, hopefully, we can find the resources necessary between now and January to make sure that these projects go forward. Because when you're talking about 60, \$82 million, approximately, for those three schools, you're not talking a lot of money in construction. But you're also talking about something that can go right away. And so if the State understands, we may not be in the mix right now. But given the weather getting cold, we're not out of our time frame either. They just have to make sure the dollars are there. We've got to get those dollars.

Are there any questions from any of my colleagues here?

Assemblyman.

ASSEMBLYMAN STANLEY: I just wanted to reiterate what Senator Rice said with respect to the urgency, and it's something I opened with today. And I appreciate the conversations I've had with Dr. Lindgren. And, Councilman, thank you for coming up, as well as the Executive Director. But it's very, very, very important. It's critical. It's urgent. It's extremely urgent, and I can't implore you enough to continue to advocate for what is absolutely necessary. I mean, it's going to take a number of folks, not just us on this Committee. It's going to take the Governor's office. It's going to take everyone collectively to come to a conclusion with respect to how fast that we're going to address this issue. And I'm saying it's very urgent.

There is another piece of legislation that may help us get some of these projects off and running even sooner than that \$3 billion piece that Senator Rice and myself are sponsoring, which some say won't go into lame duck. I say, well, we need to push every possible avenue to get funds to help move projects that are being stopped right now. It's just criminal to stop projects that can go -- good, credible projects that could go. It's criminal to hold them up and stop them. We need to look at this, really, on a case-by-case basis, make sure that the contracts are in place, make sure that there's enough scrutiny with regard to financial issues and fiscal issues, and then move those projects ahead.

Because when you come to us and you say these are the conditions, I think that really puts a face on this issue to a point where we

can't afford to just say that it won't be done before this time. We have to look at this as an emergency.

And I appreciate your coming here.

SENATOR RICE: Thank you very much. Also, please drive back safely.

Now here's where we are. The time is approximately 2:57. Our colleagues may have to go. I don't care if they do, let them go. I'll be here, because that's what I planned this for. But we're going to try to get through this. Now we have a superintendent and facilities list, that's who we want to hear from, that's what we're here to hear. We have some organization of folks. Everybody has to leave and they're sending me up stuff. We're going to work from the number of the list, of where they came in, unfortunately. So some of you may leave testimony if you have to leave. We'll talk to you again. But what I want to attempt to do is to bring up districts. For example, I have Salem on the list. I have Neptune, Phillipsburg, etc. So I may bring up two or three superintendents or people at the same time, just so you can talk, talk and move on. We want to hear about the districts. The organizations and "other speakers," you may not get an opportunity today unless you're part of one of those cities in particular, primarily because of the time constraint, and the meeting was geared to get things on.

We know we need the schools. We know they're overcrowded at the schools, but we have to hear from the hands-on people exactly where we are.

With that said, Trenton was the next person I promised to come up here, and they're going to come up. How many people with Trenton?

**B A R B A R A C I D:** Excuse me, Senator. Excuse me. May I please show you these pictures of Benjamin Franklin School from Newark? They're very important. It is very important that you see these.

**SENATOR RICE:** You can leave all your stuff right here with staff, sure you can.

**MS. CID:** Okay. Because I did speak on July 27, at the hearing, and Mr. Al Koeppe told me he would get back to me, and he never got back to me. Okay? And there's health issues going on at Benjamin Franklin School, and it's very important.

**SENATOR RICE:** Okay. Here's what we're going to do with that. That very lovely young lady with the blue suit, you're going to give it to Sharon and you're going to tell her exactly what you just told me, so she can make a note. So they have a copy and can get back to you, through this Chair, (indiscernible) this organization, okay? And explain that to her, okay?

**MS. CID:** Okay. Okay. I thank you very much.

**SENATOR RICE:** Thank you.

**MS. CID:** Just please look at these photos. It's very important.

**SENATOR RICE:** We are.

**MS. CID:** Thank you.

**SENATOR RICE:** Pemberton -- how many people--

**J A M E S H. L Y T L E, Ed.D.:** Trenton.

**SENATOR RICE:** Is the superintendent from Pemberton here?

(no response)

Go ahead, Trenton.

DR. LYTLE: Thank you, Mr. Chairman, and we very much appreciate the opportunity to appear before the Committee. I am James Lytle, Superintendent of the Trenton Public Schools. We are an Abbott district with extensive experience in dealing with the SCC. Much of that experience has been positive. Three of our approved school projects are already complete -- substantial additions and renovations at Gregory, Hill, and Mott Elementary schools. Next September, we will add two beautiful new schools, Columbus and Kilmer; and a completely renovated school, Parker.

Four additional projects are authorized and underway: A new Early Childhood/Head Start Center, a new Pre-K-8 school on a former Roebing Steel complex site, a new building in downtown Trenton to house our Twilight High School Program, and an addition at Trenton Central High School. There are four additional projects for which we have Department of Education approval, but for which funding is no longer available.

So why am I here? First, to state the obvious. Unless additional school construction funding is provided, Trenton will not be able to provide sufficient or suitable instructional space for our students. We currently lease eight former Catholic schools to temporarily house our students, but none of them meets State standards.

Second, because one of our projects, the Jefferson/King Pre-K-8 school, is at a standstill because the SCC, Turner Construction, and Hill International Construction Management Company allowed contaminated soil to be used as fill -- a situation which has required the Board to close

Jefferson School and relocate the students and faculty to a leased Catholic school site in Hamilton Township.

Third, I am here to voice my concern that subsequent to the SCC project approvals in July, when we assumed we had guaranteed funding for those projects which were approved, the SCC has unilaterally moved to redesign the projects and to diminish the funding without consulting with our Board or our City Planning Office.

Finally, the SCC has refused to provide our district financial information to comply with State audit requirements, or records relating to the contamination problems at Jefferson School. As a result, we have been forced to use the Open Public Records Act to obtain information from a public agency about matters which have an immediate and direct effect on our students' health and safety, and on our compliance with State statutes and regulations. And we simply can't understand why we need to use OPRA to approach the SCC.

Too many of our dealings with SCC over the past year have been duplicitous. Health and safety information has been withheld. Project plans have been modified without our knowledge or consent. Dollars allocated for specific projects have disappeared into vague program categories. If the SCC is going to continue as the entity responsible for Abbott school construction, then it must be led and managed by individuals who are forthright and aware that their accountability is to the children who will attend the schools the SCC is responsible to build.

Thank you.

**E M E R S O N S I M M O N S:** Good afternoon, Senator Rice, Assemblyman Craig. I did speak when we spoke August 11. I do want to thank Mr. Murphy from--

**SENATOR RICE:** Bring the other mike over to you.

**MR. SIMMONS:** I did speak at the hearings in Newark, April 11. At that time, I was talking about the OPRA Act. At the end of the meeting, a representative from SCC did approach me. They said we will send you the information tomorrow. We did get it two days later, but it did create a problem for us much greater than we ever knew. I think my Superintendent spoke to most of those points. My concern is as a person who lives in a community where this hazardous waste has been brought. We have senior citizens and people's property around there now that may be contaminated. No investigations. No people from SCC have come out as of yet to explain to the community what's going on and what can we do about it.

I hope someone will help us out in our community to address the health issues -- there may be some students, staff, senior citizens in our community. I think this is the only state in America where you create a dangerous dump in a capital city and no one is saying anything about it.

Thank you.

**SENATOR RICE:** Any questions anyone? (no response)

I thank you very much.

If you have copies of your testimony, leave them with us. We want to share with the rest of the Committee, okay?

**MR. SIMMONS:** We did. We did that.

**DR. LYTTLE:** Yes, we have done that.

Thank you.

SENATOR RICE: Is Salem still here? (affirmative response from audience)

And what about Phillipsburg? (affirmative response from audience)

Okay. Why don't we bring Salem up first. I see they have--

**PEGGY NICOLOSI:** Good afternoon. I am Peggy Nicolosi. I am Superintendent of the Salem City School District in Salem County. Along with me today is Dave Crescenzi, the City Treasurer, and Barbara Wright, the City Administrator.

We are here today representing all the children from the city of Salem. Salem City is unique for many reasons. One is that we became the 31st Abbott school district just about a year ago, and we have not been able to experience the benefits of being an out-of-school district -- namely, help with our aging facilities.

The Department of Education and our school district are struggling to improve learning by implementing excellent research-based instructional strategies, but our facilities are providing impediments and are hindering the instructional process.

You have, as part of your packet, information and photographs of our substandard facilities. Some of the research-based initiatives that were talked about above are mandated by regulations, but let me provide you with some of the facility problems that our children face on a daily basis. Art, music, both taught on a cart. On inclement days, rain and/or cold weather, gym is taught in the only hallway that we have. When I say

one hallway, we also have railroad rooms, just as -- you have to go through each classroom to get to the next classroom.

In addition, we have one wing in which we have six classrooms that have three walls. The fourth wall is missing, and it opens out into a library, thus providing distractions from the other five classrooms, but also distractions from the children in the library. Something as simple as classroom libraries of leveled books for children to read during a literacy lesson -- yes, we have them, but they're physically located in boxes, not in the classroom libraries. When books are needed, they are taken out and used for a particular lesson, and the children do not have ready access to these books.

The Salem Middle School, by its name, implies grades 6 through 8. Actually, it is a home to grades 3 through 8, in a structure that was built in 1912 as a high school. That building is a technology nightmare. One outlet in each classroom presents an impossible dilemma of having anything more than one computer in the classroom. Can you imagine in your own office or your own home only one outlet per room? I haven't even begun to talk about the other electrical deficiencies, namely the branch supply that we don't have. All of this creates media and technology inadequacies.

After almost a year, four temporary classroom units, commonly called TCUs, are sitting on a baseball field still waiting to be situated at the John Fenwick School, as part of an Early Childhood program. These are facility issues.

Then we have some financial issues. During my tenure in Salem, the district was finally able to pass a \$5 million bond referendum.

This bond referendum exhausted the borrowing capability of the city of Salem. Even with a very scaled-back bond referendum, we successfully and judiciously bid out the projects, wisely and economically spent the bond proceeds. The Salem City School District possesses the expertise, as our annual audits reflect, to oversee facilities and construction projects without the senseless and needless red tape of the Schools Construction Corporation.

For five years, we have had nine health and safety projects and the construction of two school projects. Three of these health and safety projects govern fire alarm systems and have been determined as emergent need. Are they done? No. This all basically translates into about a zero percent efficiency rate for the SCC.

As a result of becoming an Abbott school district, Salem City School lost its capital reserve money that we so judiciously saved for a rainy day for capital projects. At a joint meeting of the DOE and SCC, we were one of those districts that were promised that our projects would be folded into new construction of an Early Childhood center and an elementary school. Well, on July 28, with correspondence from the SCC, our two new schools were not even a blip on the radar screen, nor are they on the list of schools to be completed by the SCC.

So now with no bonding capability, no capital reserve, and Salem not being on the SCC's list, I need for the Committee to tell me what does the Salem City School District do? Where do we go? I need to ask you, are you saying it's okay for the children of Salem to attend schools that cannot get a certificate of occupancy from the Fire Marshall? Are you

willing to jeopardize the lives of these children? Are they expendable in your minds because you don't see their faces each day? I hope not.

It is incumbent upon you, this Committee, to provide funding so that Salem can provide schools that promote and foster the education of its children. On behalf of the children of Salem, we thank you.

SENATOR RICE: Ms. Wright, are you next, or who is next?  
(no response)

Okay, I have a question for you. As you have heard earlier, we're pretty much in the same boat, give or take, and we have to fight to get some additional funding. And that's what my colleague Assemblyman Craig Stanley and others are trying to do. But I'm real concerned about the capital. Are you saying that some of the capital dollars were dollars that the district happened to accumulate and save for those projects? And as of this audit, the expectations, and work with SCC you no longer have those capital dollars? Can you elaborate that a little bit more?

MS. NICOLOSI: The capital reserve money that I'm talking about was taken from us by the Department of Education to support this year's current school budget.

SENATOR RICE: All right.

Go ahead, Assemblyman.

ASSEMBLYMAN STANLEY: I'm just kind of-- This is an interesting issue here. You say the capital dollars were taken away from the school district in order to support the current school?

MS. NICOLOSI: Right. The '05-'06 school year budget.

ASSEMBLYMAN STANLEY: Okay. So the capital fund was considered-- What was that? Excess considered -- how was that taken? Do you have any idea what -- the mechanism through which that was taken?

MS. NICOLISI: Basically, when we were deliberating with the Department of Education for this year's school budget, they said that they were going to take that capital reserve money because the SCC was going to be responsible for all of our projects and that we no longer needed that money.

ASSEMBLYMAN STANLEY: Well, the question Senator Rice asked was, what did they use the money for? And why don't you answer that question.

MS. NICOLISI: It's basically to--

ASSEMBLYMAN STANLEY: Fund your current budget.

MS. NICOLISI: --for this year's-- Yes. Right. There was a shortfall in it and they said, "Take that money to support it."

ASSEMBLYMAN STANLEY: Okay. All right. Okay. How much was that? Do you know what the capital fund was, again. I know you probably mentioned it?

MS. NICOLISI: It was about three-quarters of a million dollars.

ASSEMBLYMAN STANLEY: Okay. All right. I'm not saying it's okay to do that, I'm just saying-- Well, thank you for the information.

MS. NICOLISI: No. Because at this point, I don't even have money if a boiler went down, or things like that, for just repairs of things. None of our projects, either, require the acquisition of land. We have the land.

ASSEMBLYMAN STANLEY: Right. It's a little different in your neck of the woods than up north.

MS. NICOLISI: Yes.

ASSEMBLYMAN STANLEY: But we worked very hard with your representatives to get the Abbott designation for Salem City. And I think it was certainly something -- was -- it was certainly deserved and needed it. However, we have to make sure that there are no -- we have to resolve the unintended negative consequences of that Abbott designation as well.

MS. NICOLISI: Yes.

ASSEMBLYMAN STANLEY: Well, thank you very much for coming.

SENATOR RICE: I'm concerned about the capital side. School's just opened.

MS. NICOLISI: Yes.

SENATOR RICE: And the weather hasn't really begun to get cold, or we don't know what's going to naturally happen. And what you are saying to me is that in the event of some real bad natural weather -- that could be some type of construction or problem with the school -- that you can't fund; you'll be paying now. That's what you're really saying to me.

MS. NICOLISI: That's correct.

SENATOR RICE: And we're talking about something in the tune of maybe \$750,000, \$650,000.

MS. NICOLISI: That money was basically set aside because, with what the Assemblyman has said, we were just named as an Abbott. So we were in one of the over 55 districts. So we were responsible for amassing

our share of any capital projects that we were putting forth. So it was when we became Abbott, they said that we no longer needed it, so that is when they took it away from us.

SENATOR RICE: Okay. We need to find out from SCC and the Department of Education that we have the potential of a real serious problem going through the next nine months, six months, on a capital side. What do they intend to do about that and when? How do we fix it? How does Salem fix it? Do we collectively fix it? But we need some answers right away regarding that, and let's see where we go from there. We're going to look into this as well, okay?

MS. NICOLISI: Thank you.

SENATOR RICE: Thank you very much.

DR. LYTLE: Thank you.

MS. NICOLISI: Sure.

SENATOR RICE: Do I have Phillipsburg?

Now, who do I have from Phillipsburg here? I've got me a super, administrators.

**H. GORDON PETHICK, Ed.D.:** Yes.

SENATOR RICE: Who are the young men going back and forth here -- the observers or construction people, engineers?

Could you introduce yourselves for the record, please, and your titles?

DR. PETHICK: Yes.

We have four people with us this afternoon. To my far right, I have John Gregory, a student in Phillipsburg High School, a 12th Grader, who also is the New Jersey Association of Student Councils President for

New Jersey; to my right, I have Rod Pianelli, the Board President in Phillipsburg; to my left, I have Dr. Jacqueline Attinello, the Assistant Superintendent; and my name is Gordon Pethick. I'm the Superintendent.

SENATOR RICE: For the sake of fairness and brevity, I want to welcome, number one, the student, as we did the earlier county this morning where they brought a lot of students. We want to say hello to you. You won't be able to testify today, but we want you to be there to understand this process. We also understand your concern, which reflects most of our student bodies throughout, with the kind of conditions you have to get your education in, in terms of facilities and structure. You make certain that you go back to the student body and you let them know that we understand that, and also explain to them this process, what you have gone through here today. And also, if you take the initiative, as many of the people who had to leave here today and didn't get a chance to testify, if you send us a letter to the Committee, through the Chair, on behalf, we will make sure that becomes a part of our overall record. Hopefully we'll have, between this Committee or the Education Committee, as we move forward, that we will get some more input. And maybe we should have an opportunity to think about, Assemblyman, maybe a student day for hearings up and down the state. So thank you very much -- great to see you here.

DR. PETHICK: Yes. Thank you, Senator Rice, and Assemblyman Stanley, and members of the Committee. We really appreciate the opportunity to be here this afternoon because it's become a true tragedy in the Abbott school districts, and specifically in Phillipsburg.

What we'd like to do today is, we have a very short PowerPoint presentation that we believe will capture the essence of what we faced in Phillipsburg over the -- what I would like to describe as the odyssey, in terms of getting our facilities.

And I would like to ask our Board President, Mr. Pianelli, if he would graciously say a few words about the town, so you have an understanding of where we come from.

**R O D E R I C K P I A N E L L I:** Thank you, ladies and gentlemen.

From the students of Phillipsburg, we appreciate this opportunity to come before you, and we thank you for all the help and the help that you've given us to this point, and the future help that we're sure is on the way.

Phillipsburg is a small community incorporated in 1961, located in the northwest part of the state, in Warren County -- far away from all the -- some of the other Abbott districts in the inner cities, but have some of those same plights that they have. Small population of 16,000 people, located in 3.2 square miles of land. A typical blue-collar community until such a time that the large employers -- the Ingersoll-Rands, the Baker Chemicals, Bell+Howell, Bethlehem Steel -- decided to leave the community in the late '70s, early '80s. When that happened, economically we went on a downward slide and we've never been able to recoup that luster that we once had.

Sixty-four percent of the households in the community earn less than \$50,000 a year. Somewhere in the neighborhood of 38 percent of our students in the high school are on free or reduced lunch. A hundred and thirty-five-year sending/receiving relationship -- we have with five other

communities, so it's not just Phillipsburg, but those other communities that are dependent upon us -- Lopatcong Township, Pohatcong Township, Bloomsbury, Alpha, and Greenwich Township.

We have tried our very, very best to make positive academic growth. With that being said, the redevelopment of the community hinges on a lot of what we're doing here today, gentlemen and ladies. We have a start for economic recovery. We have the Urban Enterprise Zone, and things such as that. And we're looking forward to moving the community forward, and hopefully, with your help, that will happen.

DR. PETHICK: I'd like to say a few words about the school district itself. We presently have around 3,500 students. And we're located in 10 sites, including schools, armory, and spaces in other districts where we've had to lease space for our Early Childhood programs. We also have 41 TCUs, which is a fancy name for trailers. At the elementary level, I have seven trailers. At the middle school level, I have three trailers, and at the high school I have what could almost be jokingly called a *trailer city*, with 31 trailers.

Our long-range facility plan that was developed earlier, back in the late 1990s, focused on the construction of a new high school. That new high school is paramount to the development of Phillipsburg. It has become what might be called a *bottleneck* if that new school is not built and comes to fruition. If we don't have that school, then the middle school that was going to -- the present high school that was going to be a middle school; the middle school which was going to be grades 3, 4, or 5; and the 3, 4, or 5 buildings that were going to be first and second grade buildings are all

compressed. So the high school is a major component of the development of the long-range facility plan for Phillipsburg.

Our present high school was built in 1927, had an addition in 1959. The 2005 enrollment is 1,675. Forty percent of our students at any one time are in the 31 trailers. In September of 2008, the projected enrollment is 1,964. And the new high school that we are endeavoring to build will house 2,000 students.

The next slide shows you, from a distance, the growth patterns of an enrollment. We're not going to go over every number, but you can see that it's been a continuous growth process in Phillipsburg, and this high school is critical to our students and the education that we provide to them. The high school program, as I said, we have 31 trailers -- 40 percent of the students are housed in them -- but they face health issues as in any trailer. They're built for a period of time, not to be permanent facilities forever.

We also have safety issues. You have children coming in and out of those trailers all through the Winter, through the rain, through the snow, through the sleet. We have kids who are coming into classrooms drenched. We have kids who are falling and ending up at the nurses because of the ice. We have wooden -- and there will be a slide later showing you the trailers. The wooden porches on them get very slippery.

And also security. We do have security at the high school. Unfortunately, with 31 trailers, you can't have a security guard at every trailer. And it still frightens me that that tends to be an open area that we have a hard time covering.

We have large class sizes, because we can't expand. Our core subjects are in the areas of over 30 students, some of them, when the State

SEFA numbers called for about 24 per classroom. We have difficulty in meeting the Core Content Standards because of that. With the core facilities being a major problem, when you have a high school and you're growing and growing and growing, and you're starting to put people in trailers, you need more science labs, you need more family-consumer classrooms, industrial tech, etc., what you have to do then is start eating up classrooms. You chunk them out. And when you chunk up the classrooms, then you have the kids going out in the trailers. You try to keep the trailers for regular classroom subjects, like social studies, English. But your core facilities get eaten up.

Art rooms -- we've had to create art rooms, music. With our library and media center, it's smaller than ones in some of our elementaries. Also, physical education: We have a gymnasium -- we have a small gym. But to operate the program, we've got to go to the Firth Youth Center, and that means we have to bus kids across town, and we even have to bus kids to the bowling alley and consider that part of physical education, because I have nowhere to house them.

The cafeteria -- we have five lunch periods. We had to expand that because we can't fit everybody in there, which means that the children don't get a lot of time to eat. And as John would have told you if he had a chance to present today, they get a limited time to have their lunch, a few minutes to talk. And that time that was their time to have some opportunity to discuss things with their friends, etc., it's all business anymore. The kids are being hurt by this.

Our auditorium does not have the capacity, nor the gym, to house all the students. We have a couple of pictures here, just to quickly go

through them. The left picture is a classroom. It shows you the situation, the crowding. The next picture is the halls during the changing of classes. We have the block schedule implemented in our school, which means there's a -- the kids don't change classes that often. But when they do, we actually have an administrator in the hall with a megaphone to make sure that there's order.

The next slide that you have is a picture of the cafeteria. Hardly enough room to move around in those tables. We have two cafeterias. And as it is now, we have to run five lunch periods. That means 10 different cafeteria rooms during the day. We start lunch very early and we end it very late -- and as I said before, five to 10 minutes for the kids to eat, by the time they go through the lunch line.

The next shot is the media center, and I show you the crowded conditions in that room. Yet I tell you, as Superintendent of Phillipsburg, I'm very proud to state that we are fortunate enough to have students in every major Ivy League university in the country, but these are the conditions they have to go through.

We have an art studio where the kids have to keep their paintings on the floor when they finish them, because there's nowhere to store them. A pottery lab, you have to worry about the kids being around the potter's wheel and the kilns, because of the proximity and the size of the classrooms.

The next slide is a picture of the trailers in the parking lot. We had to take the teacher parking lot and put trailers on there -- seven of them. We have activities that used to take place out in that area. A barnyard day, because we operate a horticulture program, agriculture

program -- we had to curtail some of that back. Those are the trailers that our kids have to go into.

The next shot are a shot of the trailers in the back -- 14 of them. And you can see from that slide the area that they have to walk on. When the Winter comes in northern Jersey, a lot of ice, they become a very, very dangerous area to be walking. Then, the latest one, which was really a very difficult situation, is we had to close one of the streets in town that goes along the side of the high school to put trailers on that one. That's Clark Street. And if you look at that, you can see the kids coming down over the hill. I mean, that's in a good -- in the Summer. I'd had a hard time coming down that hill in August, let alone coming down there in January and February when it's covered with ice.

We'd like to take a few seconds just to talk a little bit about the new high school project history, because the focus of today is the new high school. And I'd like to ask Dr. Attinello to talk for a few minutes on that.

**J A C Q U E L I N E R. A T T I N E L L O, Ed.D:** Thank you, Dr. Pethick.

Chairman Rice and Chairman Stanley, and members of the Committee, with regard to the history and the timelines of the project, even though we started years before for our purposes today, I'm going to begin nine years ago in September of 1996, when we bought our first four used trailers and placed them behind our high school as swing space, as we waited for our new school. Then in September of 1998, two more trailers were purchased and installed behind the school. And then after years of much red tape, in February of 2000, the school district signed a

lease-purchase agreement for property for our new high school -- 126 acres for \$2.1 million. And that was in the year 2000.

A year later, in January of 2001, the Department of Education approved the district's long-range facility plan and designated money to fund all of the district construction from Early Childhood through high school for a projected \$111 million. With that was included a \$48.5 million ticket for the new high school.

From May 2001 through October of 2003, the district pursued a status as a demonstration project. And while, ultimately, that didn't work out for us, in the meantime, more trailers. September 2002, six more new trailers were purchased and installed. Then, in December of 2002, three years ago, the SCC, who had taken over the project, purchased the property that we had had an agreement for three years ago, for the high school site, at \$2.2 million -- three years after we had worked out an agreement, and for \$100,000 more than the agreement we had worked out.

Then in September of the next year, nine more trailers leased and purchased, and installed seven years after our first two in 1996, for a total of 21 TCUs for swing space while we waited for our new high school.

Then in March of 2004, the architect, NJK12, received his notice to proceed on the high school project. And from April 2004 through this past July, the district began meeting with the SCC every two weeks in West Paterson to discuss the progress of the project. For 15 months every two weeks we traveled to West Paterson and stayed all day to discuss the progress of our high school. And then last September, 10 more trailers leased, purchased, and installed on the recently closed Clark Street, for our present total of 31 for swing space while we waited for our new high school.

A month later, in October of 2004, the Department transmitted their approval of the high school project to the SCC to proceed in two phases. The first phase was the site work at a cost of around \$7 million. The second phase being the building itself, at a cost of around \$88 million. The site work included the roads and fields and the surrounding area of the building. And there's the SCC sign and a picture of the site.

Then last March, March 2005, the construction documents by the architect, 100 percent, were submitted to the Department of Community Affairs for their comments. In May, the notice to proceed on the site work, phase one, was issued by the SCC. On June 1 of this year, 2005, the site work, phase one, began for our high school project. And then in June and July, after months of hearing rumors about the lack of funds and being told we were in the queue and we would continue as scheduled and the high school would open in September of '08, we got the letter from the SCC.

DR. PETHICK: And at that point, when we received the letter from the SCC, that was in July, they failed to approve our high school project. And our project is divided into two parts, and I think this is important. There's a site work package and then there's the facility work package -- the building itself. The SCC sent the letter and noted that the access roads for the high school should not be built. Construction on the road had already started on June 1. Already on June 1, at \$35,000 a day, the site work had started -- the first phase of this -- and then we get a letter in July that they're not going to do the access road. I think there's some confusion.

The special committee talked about their selection process. We heard that this morning. They talked about overcrowding. I've got 31 trailers at the high school. I think that qualifies for overcrowding. Health and safety -- I've got trailers that are usually built for three years, they're going to be there for a long period of time. Kids walking on ice, in the snow, in the rain, it's horrendous.

Along in the design process, we have 100 percent of the design drawings and everything submitted to DCA. Acquired property -- we had the property cheaper than SCC had the property when they bought it. So we satisfied every one of these items.

Now of those, the DOE representative recommended in phase one there was no money to fund the high school. We know that. Out of 19 out of the 59 projects approved -- do not have property. They don't have property. And I'm not here to knock the other facilities or the other school districts. The bottom line is, it's a tragedy for the State of New Jersey that the children are in this situation with the facilities.

The expenditures for the new high school project to date: 2.2 million for the land itself, \$180,000 for environmental tests that were done earlier, 10,000 for engineering fees. The architectural fees to date are around 4,275,000. The trailers are the swing space, as we call it, 1,875,000. And the site work: remember the \$35,000 a day, which will be finished in December, will be around 7.6 million. We will have spent about \$16 million on this project, and what do I have. I have a road to nowhere. I have a facility -- and if you look up on there -- you'll see that the school would be up there, but there's not going to be any school. They've put parking in there. They've put a road in there. They needed the road to get

up to the top of the area to do the construction. But we have a road to nowhere.

And to top it off, the access road, Belvedere Road, is 89 feet from the end of that road that was on that picture. And that's in phase two, where you put your curbing and that. So not only is the high school not going to be built, the curbing is not there. So I have to go through a back way access road, through a fence to get to the property.

Bottom line, it's no way to do business. It really isn't. The future of Phillipsburg High School -- the last two slides here -- by 2009 will have 1,800 unhoused students. That's unbelievable. The inability for us to meet the Core Curriculum Content Standards -- I think that it's going to be very important that we have this facility to be able to make sure our kids are getting the best education. The health and safety issues, I've talked about. The construction costs: 2001, they estimated a cost of \$48 million for a high school; 2005, the estimate is \$95 million. The bottom line is, if you do those calculations, you're increasing at the rate of around \$12 million a year, a million dollars a month, \$30,000 a day. In fact, in the 10 minutes that we were talking -- I know we're a little over 10 minutes -- it would cost \$256. I used to be a math teacher in my prior life.

Final remarks -- all students in New Jersey deserve to have adequate facilities to attend school, not just the Abbotts, everybody does. The Abbott initiatives have helped non-Abbott districts. If the money hadn't come through for Abbotts, then the money would not be available for the non-Abbotts. So everybody has been helped in this process. And again, the Abbott students should not be held hostage for the mistakes of the various agencies, including the DOE and the SCC. It amazes me that a

high school is going to be built. We have authorization for \$88 million, and there's no money.

If you go out and buy a car, you buy something, you have to make sure you have the money to write the check to pay for it. Evidentially, that didn't happen. The State needs to keep its promise to the children. A couple of years ago I told the middle school kids at their promotion ceremony they'd be the first class in Phillipsburg High School. And on the record I want to apologize to that class and to those kids, because I couldn't keep my promise. And I'm asking you, please help me keep our promise to the future students of Phillipsburg.

Thank you. (applause)

SENATOR RICE: Thank you. Thank you very much.

I know the hour is getting late. We have a few more people.

I want to ask a question in reference to the demonstration project.

DR. PETHICK: Yes.

SENATOR RICE: You indicated it was a demonstration project and it fell through, then something else occurred. What was the demonstration project? That wasn't SCC, right?

DR. PETHICK: That's right. We had wanted to go to become one of the demonstration projects because we felt that it was important to not only build a quality high school, but to include community features. And unfortunately, when we went through the process, we were not one of the those schools selected. So we had to switch back over and go back to the traditional method. In fact, even in this whole process, at one point the Board was looking at a referendum to add some community features. And

because of the timeline, the Board had to make a courageous decision to pull those community features out, because we were told that that would hold up the progress of the school.

SENATOR RICE: Your district is represented by Senator Lance or Senator Kavanaugh, or who is your Senator?

DR. PETHICK: Senator Lance.

SENATOR RICE: And you're the only Abbott district-- You're an Abbott district, is that correct?

DR. PETHICK: That's correct.

SENATOR RICE: And you're the only Abbott district of Warren County?

DR. PETHICK: That is correct. I think we're the only Abbott district in the northwest area.

SENATOR RICE: Northwest. The 23 non-Abbott districts -- any of those who did referendums in your county, to your knowledge? Are you aware? We'll find out. I'm just trying to figure out where we are. Because my colleagues in government in both Houses need to understand that this is not an issue that impacts one district over the other. It's an issue of need, and they need not say, "Well, we're not going to support the dollars" -- I want to fast-track to get these projects back in the pipe, the 3 billion or whatever it is -- "because they will be having one little town in my district." I mean, that needs to be emphasized. And I get very concerned sometime when I watch my colleagues in both Houses vote, and I'm wondering why we couldn't get support. And it was almost like, well, there's only one town or one district. You need to be making certain that you'll continue to emphasize both vocally and publicly to the

representatives there that this is important, that you're not going to be out here, on the side over here, and everybody's going this way as though you don't exist. Now, that's what they do in the West Ward where I live. I live in Bellsburg, and the West Ward goes this way and we break out, and they forget we're out here. I said, no, no, that's not going to even happen. And that's what I don't want to happen to Phillipsburg.

But I understand this, and we're going to try to get some answers, because 31 trailers seems to be quite a few trailers for a school district.

DR. PETHICK: That's an exceedingly large number of trailers, and 41 in the whole district.

SENATOR RICE: Okay. Thank you very much for your testimony, for being so patient. It's really important.

DR. PETHICK: Thank you very much for having a venue to provide this, because it's so important.

SENATOR RICE: Okay. Next, I think we have -- the way I'm breaking this down -- not many people are here. I'm looking at one, two, three, four, five, six, seven, eight, about nine cities. Let me see, New Brunswick left, is that correct? Is Elizabeth still here? Elizabeth? Come on up, Elizabeth. Is Perth Amboy here? Come on up with Elizabeth, your sister city there.

While they're coming up, let me ask a question. You don't have to move yet. Is Neptune still here? Great, great. Okay. Cumberland still here? And let's see, Orange and East Orange? Okay. All right. We'll get through it in that way. Okay. Why don't we do this. Where's Perth

Amboy? Okay. Are you going to give us something to read or something?  
Okay.

Okay, Elizabeth, my sister city, how are you? Thank you for your patience. But we know, in our area, patience is a virtue, right?

**P A B L O M U Ñ O Z:** Right.

Well, good afternoon.

**SENATOR RICE:** Good afternoon.

**MR. MUÑOZ:** I'm Pablo Muñoz. I'm the Acting Superintendent of the Elizabeth Public Schools. Thank you for the opportunity to speak to you in the halls of this respected institution.

Ladies and gentlemen, I come before you today as a man with mixed emotions. One that wonders about the state of our educational system and the commitment that all of us have as a society to the future generations. Being a product of the Elizabeth Public School system and as a recently appointed Superintendent of Schools, I am truly grateful for the many school projects in the town of my birth. These projects include the completed Donald Stewart Early Childhood Center, the Dr. Martin Luther King Jr. Early Childhood Center, and the soon to be completed pre-Kindergarten through grade 8 schools, numbers 29, 30, and 31. Our district is proud of the collaboration we have with the State of New Jersey and its coordinating agency, the Schools Construction Corporation.

New Jersey's children have benefited immensely as a result of your commitment to fund modern facilities. This commitment has allowed our kids to enjoy the latest in technology, modern gymnasium facilities, enhanced and expanded music and art rooms, cafetorium, and auditorium

spaces. The separate outdoor play areas for younger and older children provide our students an escape from the harsh realities of urban life.

It is true, the generosity of this State never fails to amaze me, especially when that generosity is mandated by the Supreme Court. The compact between our government and its responsibility to our children seems to have changed. We are now faced with a new crisis of conscience, which has led to a total impasse on Abbott school funding. Now the so-called wisdom from some is to avoid making any decision at all. The sound educational planning, the millions of dollars already spent, the completed designs of new schools, the active negotiations with property owners, not to forget the hopes of our children, are all sacrificed in the interest of postponing the decision for another year or even another day. We cannot afford to delay a decision as important as this one. We have the moral obligation as adults to care for our children's lives, education, and future.

The Elizabeth Public Schools continues to grow in student population. Our long-range facility plan has identified the need for 22 new schools, and renovate another 25 existing Elizabeth school buildings. Only a fraction of that amount has been built or renovated so far. Now the new reality slowly settles in. Our district is slated to get only three new buildings in the near future. Two of these projects are new Pre-K to 8 schools, and the other is a renovation of an existing elementary school.

I assure you, as the Superintendent of a growing Abbott district, the projects that are presently funded do not fully address the ever-increasing overcrowding problems in Elizabeth today, especially at our high school. From the conversations that I have had with my many contemporaries, other districts are faced with the same creeping crisis on

the horizon. We continue to suffer from the lack of program spaces, as the spaces that once housed music, art, physical education programs now house regular classrooms.

Elizabeth High School is the second largest high school in the country. Elizabeth High School will fulfill the learning needs of 5,300 students in a space that was originally designed for 3,000. Yes, we are appreciative of the new school buildings provided by the people of New Jersey, but the need is so pressing that we find ourselves at a critical moment in time. Our district had the premier vocational facility in the region with the Thomas Edison Technical High School. The building and its program have deteriorated over the years. Built on poor footings, the school now, literally, is sinking ever so slightly into the ground each year.

Now there is our proposed visual and performing arts high school that has been the most recent victim of the school funding crisis. The SCC's present building plan for 59 schools statewide does not address the need to construct this facility, the planning and design of which has already expended millions of dollars. This new high school would have provided a vital program space for the talented youth of Elizabeth and would have helped to alleviate the significant overcrowding in Elizabeth High School. The momentum from having spent millions of dollars in planning such a school now stands in stark comparison to the situation we find ourselves in today.

The SCC has stepped away from a prior commitment to purchase the designated site. And as a result of this impasse, we are without a new high school. And our local hospital, Trinitas, which services a greater Elizabeth community of over 300,000 citizens, now finds itself in

precarious financial circumstances as a result of the termination of the purchase.

Finally, the Elizabeth Public Schools has over 1,000 pre-school 3- and 4-year-olds sitting at home not receiving a public education, because their pre-school classrooms have not been built to date.

At times like this, I recall the words of one of my great heroes, Abraham Lincoln, who said, in 1862, “The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so must we think anew and act anew.”

We must all rise to the occasion. The Elizabeth Public Schools are supportive of any effort to pass new legislation which will further fund Elizabeth’s school needs. Your actions will honor the decisions of *Abbott versus Burke* that have many times been reaffirmed by the Supreme Court.

We should not live in the great twilight that only knows defeat. We as the adults must act now to ensure a great future for our children, especially the poor, minority, and immigrant children of Elizabeth.

Thank you so much.

SENATOR RICE: Thank you.

I have a question before we move on to Perth Amboy. Trinitas is your health care facility.

MR. MUÑOZ: Trinitas is our local hospital.

SENATOR RICE: Trinitas, yes. Where were they going? They were actually selling the piece of property and--

MR. MUÑOZ: They were selling the old Elizabeth General Hospital, which was acquired by -- consolidated with St. Elizabeth’s a long

time ago, and it became Trinitas. They expanded their former St. Elizabeth's Hospital site and added a cancer center there.

SENATOR RICE: Okay.

MR. MUÑOZ: And they were selling the former Elizabeth General Hospital site where we were going to build our high school.

SENATOR RICE: Okay. So as a result now -- in other words, one move depended on the other.

MR. MUÑOZ: Yes. Now they're in financial problems as a result of the lack of sale of the property -- that they were going to use those revenues to facilitate the cancer center that they built.

SENATOR RICE: Okay. And that's how you were going to make up-- You see, when you have a population of 3,000 in school, that's like crazy time.

MR. MUÑOZ: A citizen population of about 300,000. Elizabeth is about 120,000 strong, then you have the neighboring Union County towns that use our hospital.

SENATOR RICE: Yes, I wasn't talking about the demographic. But initially, I was trying to figure out this mix. But if you were going to the hospital property, I could see where the population was. But my point was, Elizabeth High School, there's -- I mean, 5,300 in one building didn't make any sense to me. But if you were going to the complex, I could see kind of a campus scenario.

MR. MUÑOZ: Yes.

SENATOR RICE: All right. What happens now if the property is no longer available, but dollars come forthwith to build a high

school? You're not going to be looking to build a high school where you sit 5,300 students in, are you?

MR. MUÑOZ: No. What's happening--

SENATOR RICE: You look like you need to be looking at two or three, right?

MR. MUÑOZ: Yes. Well, in our long-range facility plan that we're submitting this week to the Department, we will require four new high schools. The visual performing arts is one of them, the vocational that I mentioned is another, the academic high school is the third; and as a result of this year's planning, we will have a fourth high school and we'll have to locate that one as well. So we will take about -- by the time this is all done and the population growth, we'll probably have about 6,000 high school students.

SENATOR RICE: Right.

MR. MUÑOZ: And we'd like to reduce the current population down in half, and spread those students in the four new high schools that we build. But currently, we house them in our main complex.

SENATOR RICE: And the Trinitas properties, that's just dead and gone. There's no hope, no revising? I mean, if we pass dollars in January, is that project still on the table, or is it just gone?

MR. MUÑOZ: Yes, I would hope so. As the money becomes available, that is at the top of our priority, our high school. So hopefully they would acquire the property and then they would go right to construction after that. We're pretty far into the design of that school. So once money became available, we would probably be ready to go to construction.

SENATOR RICE: I'm talking about in terms of the health care institution. If the dollars become available -- they still willing to sell? In other words, they still own that property. Is that correct?

MR. MUÑOZ: Trinitas still owns that property.

SENATOR RICE: But is the cancer-- Is the other property available to them, that's my point?

MR. MUÑOZ: They just opened a new cancer center. They still have the cancer patients inside the Elizabeth General Hospital site.

SENATOR RICE: Oh, I got you. Okay.

MR. MUÑOZ: And now they're moving their patients over, and they would like to sell their property so they can move on.

SENATOR RICE: That's my point. So it's not sold yet, it's available. But if something doesn't happen soon, they could very well move on, sell the property, and you're stuck with trying to carve yours out of the four pieces.

MR. MUÑOZ: Yes. And we've already heard from the city officials that there are other developers looking to help the hospital out at this point. And if that property goes away, then we are stuck in an urban center like Elizabeth, that's densely populated, looking for five to 10 acres, which is virtually impossible, because we have yet to been able to get a site for our vocational high school. So this site is vital to the success of our school district moving forward, because it's one that's available and planned already. We spent millions of dollars in planning the property already.

SENATOR RICE: Okay. I understand. You probably will be the first school on the water, right, to pour it someplace? It's landlocked out there in Elizabeth.

MR. MUÑOZ: Right.

SENATOR RICE: Perth Amboy. Thank you very much.

MR. MUÑOZ: Thank you.

**J O H N M. R O D E C K E R:** My name is John M. Rodecker, and I am the Superintendent of Schools in Perth Amboy.

I would like to thank the Joint Committee on the Public Schools for this opportunity to address you regarding the Perth Amboy school construction program. Let me say at the outset that it would be difficult for me to convince you that Perth Amboy's problems are more pressing than those being expressed by other districts here today. However, I feel that the circumstances that are particular to Perth Amboy certainly warrant being brought to your attention in the event there is the possibility they can be remedied as we go forward.

Beginning in 1999, the Perth Amboy School system has pursued an aggressive program of replacing antiquated facilities. Responding to a report from a Department of Education External Review Team, which cited facility improvements as the district's most pressing need, Perth Amboy completed over \$85 million of new school construction, building additions, and renovations between 1992 and 1999, prior to the enactment of the School Facility Construction legislation. Funds utilized for this construction were district-budgeted funds resulting from a successful referendum and lease-purchase financing.

Additionally, the first two projects built under the supervision of the Schools Construction Corporation were schools that had been originally planned and designed by the district and its architect, and ultimately assumed by the SCC. As a result of its building initiative, the

Perth Amboy School system now boasts four modern elementary schools which share the same basic design, two renovated middle schools would preserve their historic stature, and a \$5 million addition to an elementary school.

Prior to this initiative, the newest constructed facility in Perth Amboy was built in 1975. Ironically, this school now stands as one of the two oldest schools in the district. Of our 10 schools, eight are considered to be state-of-the-art and are fully air-conditioned, allowing comfortable utilization 12 months of the year. My point in this illustration is to indicate that Perth Amboy has been able to build quality schools, schools which will last well into the future.

The Dr. Herbert N. Richardson Elementary School, partially opened in April of 2005, is the fourth elementary K to 4 prototype constructed in Perth Amboy. Our lead should be followed by the State in its effort to identify a prototypical school for future construction. We have provided a model elementary facility which can meet the needs of all New Jersey elementary students, rather than have the SCC start from the beginning.

There are several concerns which continue to frustrate the district. We have been informed that two of our schools currently in the design phase will be constructed with downgraded material. The Board has had to make concessions regarding the use of construction materials in these two facilities in the interest of achieving economies. Materials such as drywall will replace block and ceramic tile in interior rooms, corridors and bathrooms; opaque fiberglass will replace glass in curtain walls; and cheaper

material will replace exterior brick and block. I believe this to be short-sighted.

In Perth Amboy, we have experience with drywall interior surfaces, and they do not endure. It is easily nicked and marred, and demands constant maintenance which is not cost-effective. I do not feel schools in Perth Amboy are elaborate or excessive, and I urge you to visit us to view what a quality building program in an inner city school district can be.

Our most pressing problem is the elimination of a new Perth Amboy high school and its site acquisition from immediate consideration. After being approved by the State Department of Education, the city of Perth Amboy applied for and received a grant calling for a partnership with the Board of Education to design a community-oriented high school. Part of the grant included a feasibility study to identify an appropriate site. As a result of that study, the site has been identified and approved by the Department of Education. The next task was to create an educational specification from which architects could design a model facility in an international competition. The specifications were provided through a committee of citizens, consultants, and school personnel, including representatives of the Schools Construction Corporation, who worked for the better part of a year to develop an academy-based, community-oriented high school.

The competition attracted over 100 applicants from across the country and Europe. Their submissions were reviewed by a panel of jurors consisting of Mayor Joseph Vas of Perth Amboy, the President of the Perth Amboy Board of Education, a representative of the Department of

Education, along with nationally renown architects. Their review identified five finalists who submitted model presentations representing their idea for a new Perth Amboy high school.

When the process was concluded, an architect from Chicago was selected as the winner. This occurred approximately one year ago. Since that time, although an agreement was reached in principle, the architect has never received any notification to proceed with his work. In the meantime, the identified site, which is a Federal housing project, had begun relocating its residents to the point where the project of over 200 units is now half empty. Not only has the construction of the high school been excluded from the final project list, but the site acquisition, which is in a critical stage, has also been cancelled.

The housing project now stands vulnerable to vandals, arsonists, and looters as it awaits final disposition. Meanwhile, over 2,200 pupils now attend classes in a school that was designed for an occupancy of 1,400, and which was constructed in the late 1960s. School starting times have been staggered to free classrooms for the existing enrollment. Temporary classroom trailers have been placed on the site with additional units on order. Students currently attend classes in open courtyards and auditorium stages due to the lack of space.

Class size has swelled to between 30 and 40 in most classes. The high school struggles to meet the No Child Left Behind Standards with overcrowded classrooms and the students restricted to the number of electives they may take. The problem may not be unique to Perth Amboy, however, I feel some of the circumstances are.

The SCC was involved from the beginning stages of the high school design and site identification. The architectural competition and site approval proceeded with their blessing. At no time were they left out of the loop, although I believe they really didn't understand the magnitude of what they were involved in. Now all bets are off and people have been harmed. The architect who spent significant money to compete for the chance to build Perth Amboy high school, and who received the Progressive Architecture Award for its design, remains in Chicago bewildered as to what happened. The residents of Delaney Homes, who were moved from their homes and relocated for the greater good of a new high school, are resentful, and rightfully so.

Finally, the children of Perth Amboy who need and deserve a new high school will have to wait because people who were paid to do a job failed, with no apparent accountability.

The New Jersey Supreme Court did not include a price tag to the State of New Jersey when they directed responsibility to construct or renovate schools in Abbott school districts. However, their mandate to the Governor and the Legislature is not being carried out. Those of us who are trying to be successful in the building of new schools in inner cities are frustrated to continually await for what has already been determined. The issue of raising taxes for the Abbott districts is one which has been increasingly criticized and is certainly unpopular among certain portions of the populace. However, I believe the Abbott initiatives are beginning to produce positive results in terms of student achievement. I believe part of this, at least in Perth Amboy, has been the result of providing our students with an environment in which they can learn.

Thank you. (applause)

SENATOR RICE: Thank you.

It appears as though you have a similar problem that was occurring in Elizabeth. We have to try to get to grips with this. Certainly, Assemblyman Vas, Mayor Vas, is very active down here and understands those needs. And I'm sure he'll be pushing as hard as the rest of us to try to make something happen as soon as we can. If, in fact, the dollars were available, is this a project that should have been in the ground or ready to go into the ground? And are we talking about a project that's been modified, and if, in fact, dollars were available, it would go with the modifications, or does it go back to the upscale?

MR. RODECKER: Well, the project was approved. We had a model constructed by the architect who won the competition. This competition attracted architects from all over the country, and there were five that submitted a model of what the new high school was supposed to look like. So once that model was selected and he was selected as the architect, he was promised that he would be given the notice to proceed so he could begin his design work. That never came, even though we met with the SCC. And talk about promises that were never kept, that was one of them. He was promised to get a notice to begin the design of the building, and it never came. In the meantime, the site acquisition is also dead in the water, and we've got a housing project that's half empty and residents that have already been relocated.

SENATOR RICE: Are you saying that-- You said dead in the water -- it's not moving now because of a lack of funding. But if the

funding was put in place, is this project still ready to-- In other words, you're saying we haven't even gotten to the design phase yet?

MR. RODECKER: No.

SENATOR RICE: Then basically nothing but acquired some land.

MR. RODECKER: We haven't even done that.

SENATOR RICE: Who owns the property, Public Housing?

MR. RODECKER: Yes, Public Housing.

SENATOR RICE: And the people have been relocated, so you have some abandonment.

MR. RODECKER: The SCC had begun negotiations for acquisition of the property. In that vein, and given the fact that they were pursuing it, the Housing Authority stated to the residents, "This land is going to be purchased, and you'll have to live in another location," and began relocating those residents, because it was inevitable that this property was going to be acquired.

SENATOR RICE: And left structures vacant in the process. Are they boarded up now?

MR. RODECKER: Well, actually, they were boarded up. But I don't know if you've read the publicity that Perth Amboy reopened 100 of those units for the Katrina victims.

SENATOR RICE: Oh, yes. Okay. All right.

MR. RODECKER: That's the same place we're talking about.

SENATOR RICE: All right. So, technically, even with the dollars there, this project really wouldn't be ready to go into the ground

until maybe 2008, because you have to go through the acquisition still, you have to go through design.

MR. RODECKER: Right, if this had followed the initial-- I'm sorry.

SENATOR RICE: Yes.

MR. RODECKER: If this had followed the initial schedule, his design would be just about completed now, and we would be going forward with something that would be a little bit more concrete. But he's been on hold for a year.

SENATOR RICE: Is this your only project that was new construction?

MR. RODECKER: No. We've had two under SCC, which were assumption of our own design, that we had done before the legislation was passed. Those are completed. We have two that are supposed to break ground this year. And those are the ones we're concerned about, because they've been downgraded in order to make them more economical. The materials that are supposed to be used for those schools have been downgraded. And then the high school is the culmination. Once the high school is done, our entire building program will be completed.

SENATOR RICE: All right. Thank you very much. We'll continue to work with your representative from the district, and you as well. I know we've been to Perth Amboy on a couple of occasions. You're doing a great job down there trying to put education where it's supposed to be. The Mayor's done a good job trying to turn the city. And I know those of us in government get crucified regardless of what decisions we make, so the one thing we don't need is someone else making bad decisions. It just adds

to our pain, because we've seen the carried out burdens, too, and oftentimes they don't know that. But some kind of way, we're going to get there. Just keep the faith and we're keeping the record. And we'll keep fighting.

MR. RODECKER: Thank you, Senator.

SENATOR RICE: Thank you.

Okay. We're getting there. Now, is Neptune--

Is Hillside still here? I forgot to ask about Hillside. Hillside here? (no response) Okay.

In that case, I need to bring up Cumberland and Neptune, why don't we come up together? And after that, we're going to end up with East Orange and Orange. Their still here, right? They left, okay. Who's that back there -- East Orange? That's East Orange. They both here? Okay, I see Orange. East Orange? All right, we'll figure it out when I call you up. Why don't we get past this, and I'll just call somebody--

UNIDENTIFIED PERSON FROM AUDIENCE: Plainfield.

SENATOR RICE: Plainfield, okay. We'll put it on the list. I don't have it on this one.

Go ahead. Thank you for being patient.

**DAVID A. MOOIJ:** Chairman Rice, thank you, my name is David Mooij. I am the Superintendent of Schools for the Neptune Township School District. I have with me this afternoon, this is Bertha Williams-Pullen, our Assistant Superintendent of Schools.

The Neptune Township School District is a moderate-sized Abbott district of about 4,800 students. It has one high school, one middle school, five elementary schools, and one Early Childhood facility. This may be why, in part, the story of great progress in Neptune in working with the

New Jersey Department of Education and the New Jersey Schools Construction Corporation is somewhat different from the testimony presented today by others representing significantly larger districts.

Immediately upon notification of a need for a five-year, long-range facility plan, the district contracted with an architectural firm that had successfully completed several large capital projects. Simultaneous to that, district administration began attending every in-service and workshop statewide to gain as much information and insight as possible on the rules, regulations, and requirements of the facility legislation. It is easy to recall the feeling that one would have coming away from each meeting, that there was not sufficient funding to fulfill all the needs of all of the Abbott districts. In fact, in an early NJEDA presentation given at Rutgers University, it was indicated that it might take as much as \$12 to \$15 billion, notwithstanding the \$2-plus billion committed to the non-Abbott districts.

It is now obvious that the funding was inadequate from the beginning. Further, all accounts of actual per square foot construction costs far exceeded the legislation's 138, later \$141 per square foot, which currently, in today's market, is about \$200 a square foot.

We recalled words of encouragement from NJEDA Executive Caren Franzini and Policy and Communications Director Mark Lohbauer, to take advantage of the State Office of Planning to initiate partnerships in the community to seek a Smart Growth Planning Grant, to increase stakeholder communications through obtaining greater community input and support, and to work with consultants possessing current knowledge of the district's needs.

Former Assemblyman Jack Collins appropriately encouraged districts to think about the community use of school facilities, which quickly became a companion idea along each step of the planning process pathway. The Neptune Township School District actively engaged in all the recommended aspects of planning, while utilizing strategies to cooperatively develop the district's long-range facility needs and goals. This culminated with a NJDOE long-range facility plan approval.

The first priority of the district was to focus on immediate health and safety needs within the schools. Second was the Early Childhood facilities needed to meet the requirements for the full-day, free public Early Childhood education for all 3- and 4-year-old resident children in an Abbott district. It's interesting to note that the Early Childhood centers and facilities were not taken into financial consideration when the \$8.6 billion number was originally formulated. The third priority was satisfying the demographic projection needs of unhoused students. Last was the updating of infrastructure and building technology of existing buildings.

For the Neptune Township School District, the almost overnight transition from EDA to a new \$8.6 billion company, called the New Jersey Schools Construction Corporation, was smooth. The district was assigned project officers and a project management firm. After many hours and days of meetings and trips to Trenton, the long-range facility plan came to life as a series of design and construction projects. With strong encouragement from the Governor's Office to get schools in urban New Jersey built, all on the Neptune projects labored diligently to implement these plans.

Plans evolved at these meetings. A building renovation or an expansion might change to become a building replacement if the cost to rehab an old building approached or exceeded that of a new facility. If an amendment to the long-range facility plan was required from DOE, a feasibility study was conducted, followed by many accountability and validation sessions. Throughout this entire process, the district Board of Education remained supportive, heartily endorsing the persistent efforts of administration.

As land was needed for several projects, the district worked closely with the Land Acquisition Division at NJSCC to locate parcels that made good site sense, minimized the risk of tax rateables, loss of the rateables, acted as lead for redevelopment efforts in a given area, and were in accord with the Township of Neptune's development and redevelopment plans. The DOE, SCC, and the Neptune Township School District, working in concert, made this process successful. Land was acquired, plans and specs went out to bid. SCC awarded contracts. Four projects have been completed to date; three will be dedicated later this month; two will be completed later this Winter; and the final project, a renaissance school, the Midtown Community Elementary School, will open in the Fall of 2006.

Chairman and Vice Chairman, in conclusion I would like to state that it is gratifying to see the idea of a new school developed from a blueprint into an actual building. Schools that were nothing more than designs on paper three years ago are now educating our students. These new facilities are providing the children of Neptune Township with the opportunity to learn in state-of-the-art schools designed for the 21st century. From building schools to revitalizing the community, Neptune is

proud of the work -- I have to say it again, and I wish there were more in the audience -- Neptune is proud of the work that the State Schools Construction Program has accomplished in our district. Students, teachers, parents, administration, and the Neptune Township Board of Education look forward with eager anticipation to the completion of all construction projects by next Fall, 2006.

For the Neptune Township School District, the story of hard work, close adherence to guidelines, strong advocacy by the Board of Education and the community, cooperative facility design consultants, knowledgeable NJSCC project staff, and the New Jersey Department of Education facility specialists, along -- and I reiterate -- along with a top-notch project management firm all combine to produce facilities that will serve the students of Neptune Township for years to come. It is the sincere hope of the Neptune Township Board of Education and its administration that the Legislature will see fit to approve bridge funding and ultimately procure sufficient permanent funding to allow the process to continue in other Abbott districts across the State of New Jersey.

Thank you.

SENATOR RICE: Thank you very much.

That is a different twist from the speakers today, because you are giving credit to where it's due, based on your experience with SCC. That's why I indicated earlier, we don't need an organization to replace an organization, we need it fine-tuned. But your testimony also indicates that if, in fact, we'll work with smaller districts and smaller populations -- I guess it's like classrooms -- we can manage them better. Because 4,800 is a very interesting population for a school district. The problems that we have in

the larger areas -- maybe that's what the problem is, is that 4,800, as you heard from one speaker in Elizabeth, may be the student population of one school, at a certain age. But I want to thank you for coming in to support SCC, in terms of the work they are doing. But I also put on the record to show how important, whether it's SCC or someone else, for this process to get tightened up, but to move forward before it's too late. And I really appreciate that.

Assemblyman.

ASSEMBLYMAN STANLEY: I just second the words of Senator Rice. And I guess to commend Neptune Township for its work. Because in a lot of these cases, you had to have really dedicated people who sort of knew how to get through some of the bottlenecks in the process and that kind of thing. And I'm just interested, kind of, to know if that were the case -- if you have extraordinary people in your school district, and if you maybe took some extra care to make sure that either your compliance or perhaps your diligence was such that ensured that your projects were completed, and done, and given priority?

MR. MOOIJ: Yes. I would just like to comment on the Senator's remarks. Forty-eight hundred is a district that you can get your arms around, if you will. But we did hear today from a number of districts that were very much smaller that had other problems. I think one reason Neptune will have completed its entire long-range facility plan by next Fall is the issue of size.

But you are correct, Assemblyman, that we have a very dedicated staff. We have long-term district people. The Assistant Superintendent, who sits to my right, is a product of the district, having

become a teacher, a guidance counselor, a department chairperson, a principal, and now, ultimately, the Assistant Superintendent of Schools. That is the kind of dedication that you do find in Neptune and in many other districts throughout New Jersey, I must remark -- Abbott and non-Abbott.

I'm a product of 32 years. It was the first school district that I began teaching, and now the Superintendent. I think that lends to continuity. I think -- I was speaking with David White, who is the Urban School Board's Director, and Mr. White was indicating that the average superintendency in an urban district, not just Abbotts, but in an urban district in New Jersey -- and there are 159 -- is 2.7 years. And I think it's very difficult to maintain continuity and focus if that's an issue. That may get into other issues, such as a superintendent's tenure, or the rights of superintendents, or the way they're handled by other districts. I don't know. But I know it's the dedication in Neptune that we find that we believe has led to our success.

We have been the poster child, if you will, for SCC on a number of occasions, having been called to advise other districts. We have worked very closely with the Education Law Center at their Rutgers forums that were held monthly for about three years, and we were regular presenters. We shared best practices. We brought parents groups, our district-wide advisory council from our Title I Program, known as EXCEL -- we brought them to Rutgers and they shared with other parent groups the progress and the grassroots efforts that are needed to forge these community partnerships. All of that works to the betterment and success of our district. And we are willing to share that with other districts.

I don't know the details to which you gentlemen will get yourselves involved. However, I must say that we had had the first and only design/build project approved in New Jersey. Design/build is different in that it is not bid/build. So you are not getting the lowest bidder or the cheapest bidder, if you will, as many people come to know it, on a particular project. Design/build is something that's been used in corporate America for some 25 to 30 years, by the Mercks and the Johnson & Johnsons and the Squibbs of the world, and Glaxo Kline, the pharmaceuticals that dot our northwest landscape. Those industries really, to show you an example, gave New Jersey schools an example of how to efficiently and quickly build buildings. We advocated for a design/build project.

The Attorney General's Office had quite some difficulty sidestepping the traditional bid laws of New Jersey found in Title 18. Nevertheless, we did achieve that. And we have a project -- it was our last project design, and it will be our first new school completed. And it was a school that under traditional bid/build was expected to take 22 months to build. It will be built in 15 months. Last Winter, because every day is a dollar out of the contractor's pocket, he literally has put a price on the table. And if there are any changes, since he is the designer of the project, he buys those changes. This design/build project worked through the rain, it worked through the snow when the ground froze last Winter and they wanted to put in foundations. They brought in a road asphalt milling machine to mill out the dirt which was frozen, in order to pour the concrete. Every day was a dollar out of his pocket. So the faster he builds

and the more productively he builds, the sooner our kids get into schools, and the further the New Jersey construction dollar goes.

I don't need to take your precious time and those of my fellow colleagues, but I would encourage you heartily to look into the design/build process as you evaluate bridge funding and the possibility of permanent funding, moving forward. Schools Construction Corporation does have a PowerPoint. If this Committee would be interested in seeing it, it centers around the Summerfield Elementary School, which is the design/build project.

Thank you.

SENATOR RICE: Okay. A quick question for you. Are your schools pre-cast or are they stick built?

MR. MOOIJ: I'm sorry?

SENATOR RICE: Are these pre-cast schools?

MR. MOOIJ: No, they're not.

SENATOR RICE: Okay. Are they're stick built?

MR. MOOIJ: Yes.

SENATOR RICE: Okay.

MR. MOOIJ: It's a traditional building method. It's just a matter of -- we produce a performance specification, just written documentation of what it is that we want. And similar to the Perth Amboy situation, it was not a competition in terms of who had the best design, but who had the best design that met the criteria developed by the district in concert with the design consultant and also in the budget that was set ahead of time. And we had five competitions -- five competitors. The prices ranged from \$20 to \$27 million. It was the second lowest, which was

\$21 million, and the project is absolutely flying. And it will be a state-of-the-art facility, and it will be a gold LEAD -- leadership and energy and environmental design facility. It will be a gold facility.

SENATOR RICE: What guarantees did they give you against the foundation when the grounds froze and they brought in equipment to try to defrost it? Because when you pour concrete, whether they were able to pull up the frozen parts or not, the ground is still, in a matter of no time, frozen. So did they guarantee your foundation into the future?

MR. MOOIJ: Yes. It was a concern that I shared as well. I was going to leave names out of this, but we had Gilbane Building Company as our project management company.

SENATOR RICE: Yes. They're good and they're bad.

MR. MOOIJ: They were on-site, and we had the inspection service do the concrete, take samples. It was milled out to below the frost level two foot plus -- in other words, over-excavation. And at the cost of the general contractor, the over-excavation was filled in with gravel, and then the footings went. So we actually end up with a better foundation then, having done it the way they did.

SENATOR RICE: Okay. Time will tell.

Thank you.

MR. MOOIJ: Thank you very much.

SENATOR RICE: Cumberland -- is Cumberland County here?

Go ahead.

**KATHERINE A. KELK:** Thank you very much for allowing us to testify today and for staying this late. I do appreciate it. My name is

Katherine Kelk, and I'm the Superintendent at Cumberland Regional School District.

I'm here to speak about our project a little differently than maybe the others that you've heard about today. To give you a little background, Cumberland Regional High School is a comprehensive high school located in Cumberland County, with a growing student body now numbering nearly 1,450 students. With a district factor group of *B*, one below the Abbott districts, Cumberland is one of the only non-Abbott high schools in Cumberland County.

When the opportunity arose for us to take advantage of the Financing Facilities Act, our Cumberland Regional Board of Education chose to take advantage of that funding opportunity and worked with the community to pass a bond referendum for renovations to our school -- not a new school building, just renovations to the current high school. The community did its part and passed the referendum. And because our district receives more than 55 percent of its funding from the State, the Schools Construction Corporation was assigned to manage our project.

Our particular project was expected to cost \$15,923,704. The local share part of that was \$6,877,000 and some cents. Where our dilemma is, is that we have been through the design process and we are now at a point where we'd be ready to go out to bid. And the estimated cost at this point in the project are looking like they will be about \$10 or \$11 million over what was originally projected as costs for our project. As a result of that, in recent meetings with the SCC -- and URS is our construction manager -- we were basically told we'd either have to cut things out of our project in order for it to go forward, or it would have to be

redesigned. If it was redesigned, obviously, it's going to take time to redesign it. We started our whole project, working on it, in 2003. So we feel like we've put two years worth of work into the project to only be told it may take another year for us to be able to move forward.

One of the things we were told is that basically it's been a result of scope creep. And yet in the meeting that we held where we talked about what's been happening with our project, what really seems to be coming about is that at the very beginning of the project there were not enough details or specifications, I don't feel, in the original part of the long-range facility plan and the original projections of cost. It simply said, "Things would be replaced." As a for instance, our HVAC system was supposed to be replaced. There were no special specifications about what that system should look like; it just should be replaced.

So in the meantime, what's happened is, we've got a good number of systems in the high school that are failing -- items that were supposed to be replaced in the project. The air conditioning and heating system and its piping system is a big part of this project -- is really the bulk of the project. And the current system is inadequate for the building, and it has been patched numerous times. Heating and cooling throughout the building is very uneven, resulting in some classrooms that are very hot, other classrooms that are very cold, and they could be right next door to each other. But rarely are we seeing an optimum temperature throughout the building.

At this point, if this system happens to break down, and we feel they've patched it numerous times, we're looking at the school not being able to function or open. And that concerns us, to wait another year. We

really thought we were going to be started this June on the beginning parts of the project. And we were then told during the process it would not start until next year. And now if we're talking about an additional year's delay, we'd be talking about June of 2007.

Some other things that are also breaking down -- the public address system and the fire alarm systems have also been fixed numerous times. And we're told by the contractors who work on those that they're so antiquated at this point that they can't repair anything more, that we need new systems. It included outside doors and new locks and windows, and the doors and the locks are old enough at this point that it's easy to break into them. It's not a good, secure environment. And with all of the concerns that the State has on security, we are concerned about that issue as well. We have gym bleachers that can no longer be pulled out and pushed back in, because they are so rickety, if I can call it that way, that they couldn't be handled that way any more. So what now has happened is, we've had them pulled out into the gym and they are staying there permanently, and it also, obviously, interferes with some of the use that we could have for our gymnasium classes.

Our tennis courts were so badly cracked and damaged that the district had to padlock them in June and spent local dollars to repair them. And what we're looking at is, we'll go through the Winter and probably need to repair them again, and make -- they are part of this particular project, and not getting done as well.

And maybe one of the more important ones to us, from an educational point of view, is that our building was built with walls that could be moved around, and they're metal walls, and they're very thin. As a

result of that, the noise transmission between classrooms is really poor. So you can hear if someone is showing a movie next door, you can hear word for word the dialogue in the movie. They're very thin walls. Part of this project was to remedy that particular situation as well. We were going to have, actually, better walls provided for the district and for the school.

We feel our community did the right thing. We followed all the steps. We're in line to actually go out for bid. But because of this mismatch between the projected cost and now what they think the estimated cost for building the project will be, we're being told it can't move forward. We really feel it's appropriate at this time for the SCC to do the right thing as well, and to move forward with our project. And we were here today to basically ask for the Legislature's assistance with seeing a project actually move forward.

We also support the idea of additional bridge funding and additional funding for other projects. And after being here today, I understand that perhaps our project's a small one compared to many that you've actually heard about today. But to us and to our community, it is very important, and we do feel that our children are suffering as well. So we would appreciate any support that you can offer on our behalf.

Thank you.

SENATOR RICE: Thank you.

Any questions, Assemblyman?

ASSEMBLYMAN STANLEY: I just wanted to just make sure I understood the situation, very quickly, the issues concerning the HVAC system and the public address system -- some of those issues -- and the door

and windows. Now is this -- do you-- Is this purely a renovation project, is that what this is?

MS. KELK: This entire project is a renovation project.

ASSEMBLYMAN STANLEY: Okay. All right. And initially, it was going to cost \$6,877,000?

MS. KELK: Sixteen million--

ASSEMBLYMAN STANLEY: I'm sorry, 16--

MS. KELK: --923,704 dollars.

ASSEMBLYMAN STANLEY: Okay. And how much does the SCC say it's going to have to -- is that \$11 million more. Is that correct?

MS. KELK: That is, they're saying it will probably cost \$11 million more.

ASSEMBLYMAN STANLEY: And that original figure, that was approved by the SCC as being the cost--

MS. KELK: It was approved by the DOE and the SCC, yes.

ASSEMBLYMAN STANLEY: And now that the figure appears to be \$11 million more, and I guess and counting, the SCC is saying that the district's contribution has to be increased now because of that? Is that correct?

MS. KELK: Yes.

ASSEMBLYMAN STANLEY: Now, is the money allocated -- is the SCC portion allocated?

MS. KELK: Yes.

ASSEMBLYMAN STANLEY: And they're saying that you have to come up with the additional amount of money, or is it that--

MS. KELK: It is their belief that the district should pay for the increases in the costs, because they're claiming that it's scope creep. Whereas we feel it's not scope creep, it's part of what it will take to actually build -- not build this project, but renovate the building.

ASSEMBLYMAN STANLEY: And when you say *scope creep*, you're saying that the scope of the project has increased? Is that what it means?

MS. KELK: We don't feel it has.

ASSEMBLYMAN STANLEY: Okay. But that's the SCC's statement?

MS. KELK: That's the SCC's statement. Because in our scope, it simply says we would replace our HVAC system.

ASSEMBLYMAN STANLEY: Okay.

MS. KELK: It doesn't say with what.

ASSEMBLYMAN STANLEY: Okay.

MS. KELK: So that's where there's a difference in interpretation.

ASSEMBLYMAN STANLEY: Okay. All right. Okay.

And thank you very much for your testimony.

MS. KELK: Thank you.

SENATOR RICE: Okay. Orange, East Orange -- the Oranges.

**NATHAN N. PARKER, Ed.D.:** Good afternoon. My name is Nathan Parker. I'm Superintendent of Schools in the Orange Public Schools; and to my right is Mr. Art Griffa, the President of our Board of Education; Mr. Adekunle James, who is the Board Secretary and Business Administrator.

I'm not going to read a speech. I'm just going to say a few words, because you've heard a lot of information, and try to say things that have not been said. Because I think you're thinking at the policy level, not about a particular district.

My experience has been somewhat unique. I have served 12 years as Superintendent of Schools in Upper Saddle River. And in 1999, we passed a bond in October, and the building was completed in September 10, 2001. Now, I can see the building plan from SCC's point of view for non-Abbott's as well as Abbott's. And I have to say, you know the legislative history much better than I do, that the legislation for facilities reimbursement had not taken place, and we were able, in Upper Saddle River, to get grandfathered. So you take a high wealth district, and they have been able to achieve their building plans, they have no overcrowding, they have the state-of-the-art facilities.

Clearly, one of the issues that's come out today is the great disparity, which was the original purpose of Abbott and continues to be. Just a few examples in Orange. Our high school students have gym in the cafeteria when the cafeteria is not being served. We have 12 portables at the present time, which really were for swing space, but we've been forced to use them for Early Childhood centers. We have the same sort of a situation that was reported earlier about the HVAC. We have an old chiller in our building. We're kind of keeping the heating and HVAC going. We just spent \$50,000 just to patch it up. To replace it is a half a million dollars. Our high school hasn't even been planned for, at this point in time.

The lack of transparency of where costs are being -- where money is being spent is really remarkable. When you think that there's \$6

billion, I think William Baroni asked a question about the -- you've spent \$6 billion and you built 70 schools. If you take Orange's share, which I figure is about \$200 million, the best I can figure, we've gotten one new school and we're going to get two renovated schools and expanded schools out of that, which is probably about \$70 million -- less than 70 million, including giving 25 percent for overhead above construction costs.

And a significant question, and it seems to me it's unfortunate the SCC people aren't here to hear the testimony of the 12 or 14 superintendents who are testifying. I mean, they left early, which is a real disappointment, which speaks to me about the lack of passion, frankly, that they have about the success of this project. They should be here listening and trying to learn. And none of the top officials have ever been to Orange to come and visit and see exactly what's going on. I must say, it's a real chagrin, when they're under tremendous pressure, that they didn't even bother to stay while you gentlemen have stayed and are listening to us. You've been here for almost 10 hours.

I would like to make four suggestions. If you have my handout, they're at the bottom of the page. And because, obviously, this is a limited resource, and obviously you're trying to figure out how to come up with more resources. And frankly, I feel like I'm preaching to the choir, because you already decided that you need to spend more money, but how do you do that? I just have some suggestions about how you might do that and how you might bundle that, and then why you might do it in the way that I suggest.

First of all is to remove all what we call *attractive nuisances* -- the boarded up buildings, which are eyesores, but are now becoming inhabited

by vagrants and people who are trying to go into housing where -- and creating risks. In a lot of these, in Orange -- are right adjacent to the schoolhouse. So we have people who are living in the building at night and it puts pressure on the police and the fire department to make sure nothing happens.

The second is to correct, obviously, mismanagement errors by the NJSCC. And at the top of the paper, I have Cleveland and Central property acquisitions. Now, the plans are all done for both of these properties, but this is similar to what we heard tonight. This is a situation where everything is ready to go, the architects are basically finished, yet SCC was authorized, in 2001, to purchase, roughly, about 12 properties. Even in the worst of circumstances, had they just done the minimum amount, if they just purchased a couple of properties a year, they could have made their goal and done the job. I mean, it's crazy. I mean, it's absolutely crazy.

And when we met with Jack Spencer, the previous director, to say when he was doing his selection of 59, I suggested one criteria should be where you've made mismanagement errors. He was in denial, totally, at that time. Subsequently, Paul Hamilton, who now heads up Acquisition, says we dropped the ball. But the fact is, they may have dropped the ball, but the kids in Orange are missing an education, and that's just not fair.

Third, to create a basket of unusually attractive purchases. There's a church that's been for sale since last February, February 4, and a notice of interest was sent to Pastor Alvarez. We basically found a property for the SCC. It's two acres, a ready seller. The price of the property -- they had two offers on the property for \$2.5 million. It was going to be a

design/build. We heard about that. We were going to try to do a design/build like you just heard about in Neptune, where it had the place opened up in December. Well, again, Acquisition sat on their variable who-knows-whats, and what were they doing? By the time the IG declared to stop all acquisitions, they hadn't done the job. And they had a willing seller, they had two acres of property in Orange, which is very hard to get to, with no condemnations, that wasn't even on the tax rolls. The Mayor loved it. There was just a no-brainer. Plus it was a block away from the district office and could have housed-- And lastly, it was for an Early Childhood center, which is supposed to be the highest priority. So there needs to be a basket of situations created where there are really good business deals.

By the way, we took a tour with Paul Hamilton, who is in charge of Acquisitions at SCC, a couple of weeks ago of this building, and he was kind of, "Oh, this is really an interesting place, an interesting opportunity." And I have to say that the Pastor took us to the side and said, "Dr. Parker, do you know what the property -- we got an offer now for \$3.75 million." So here's a chance-- I think Senator (*sic*) Stanley had asked a question about -- was SCC figuring out what the cost of not moving forward on these things are? How do you make a decision that they have made? They've basically gone into a compliance mode -- your Mr. Koeppe and Mr. Maricondo. They've gone into a compliance mode, which is forcing the low-level people to do really crazy stuff to try to save their jobs. Like take out chalkboards, or what we now call whiteboards. Take out -- put in this kind of bad walls that are just soft -- take out concrete walls and putting in sheetrock. I mean, they're forcing pennywise and pound foolish.

Just the architectural costs of redesigning these rooms without the whiteboards cost a heck of a lot more than taking the whiteboards.

And the silliest thing in the entire world was, they've made us take out storage out of these classrooms. Meanwhile, the Department of Education mandates that there be 300 titles in every classroom library, and multiple copies of those. So we had these storage cabinets in there for the classroom libraries to try to get our achievement up. So what do they do? They take out the storage. How much money did they save in the storage? Very, very little. And spent a lot of money in getting the architects to redesign it, and this is after it already had been approved by the Department of Education.

So -- and the fourth idea is, in terms of recommendations -- it seems to me (indiscernible) idiocy to stop architectural plans that are 50 or 75 percent already done. That's what they've done. Two weeks ago, they stopped all the architectural drawings, all the design drawings. Well, when you guys come up with a funding and whatever the period of time is, they're going to have to go out and rehire architects and start all over again.

Again, it comes back to the lack of analysis that they had done. They talk about coming out of the private sector. Well, I'll tell you, as Superintendent of Schools for 15 years now, had I done the kind of financial analysis that they just stumbled over with you this morning, I would have been fired a bunch of different times. And these are the ones that you're praising. God knows what was going on before.

So I just have to say that I want to try to make four suggestions that -- four suggestions to do away with the nuisances, to correct the mistakes that NJSCC has already made. Try to create a basket of unusual

opportunities to make purchases which are financially wise; and third, to not -- to have them -- force them to do the analysis that you were asking for, so that, in fact, you can actually have the data to respond to. Because, really, where is the \$6 billion gone to, because it hasn't gone to the districts. And I don't think it's gone to the contractors either, to tell you the truth.

And just in closing, I'd just like to say there are some extremely well-meaning people with SCC like Mary Fengya and Yan Lee. These people worked their heads off. So I don't see it as so much of a corruption sort of a thing or people who are being -- but sort of a lack of effectiveness.

And I guess lastly, I would go back to the model that's followed in the non-Abbotts. We built a \$13 million project from start to scratch getting a bond passed in two years. And I don't think these projects should take so long. I disagree with what the Chairman of the SCC said about the DOE is cumbersome. They're much more quicker than the SCC, and they tend to facilitate much more. So I didn't like the feeling of -- and I don't work for the DOE, except tangentially. My sense says that the SCC is much less effective than the DOE.

SENATOR RICE: Let me thank you. I've had the opportunity to work with both organizations since their inception, at least SCC. I also know what Mr. Spencer inherited and tried to straighten out. And I also watched the transition from the EDA, who I thought was doing a great job. And I watched the politics. And I think some of this is wrapped in politics regardless of what they say. And that leads me to your district. And I get somewhat concerned because we're looking at the State as a whole, but the representation that comes out of Orange certainly has a lot of voice down here.

And the question is whether or not your district is actually connecting to your leadership to give us the kinds of support that we need. Assemblyman Stanley and I, it just so happens we come from the same district, and we're very vocal and very serious about where we wanted accountability and how it has to go. We don't get hung up and say, "I'm a Maplewood or a South Orange versus a Newark or an Irvington." We never have and never will -- or Bellville or Bloomfield. We see the need to balance it all when the need is there.

But what is happening in your district, what are your elected officials saying? If you're from Orange, I'm sure that's McKeon, Mims, and Senator Codey. Is that correct?

DR. PARKER: Yes.

SENATOR RICE: Are they aware of some of these problems, and are they giving you feedback? That's what we want on the record, not just for them, but even as an individual without being chairs, we're very vocal as it relates to what we see are faulty problems. For example, people coming to us and say, "Well, they're making us do *A, B, C*. It doesn't make any sense to us." Someone has to answer to us and give us a reason why that is. Don't tell me to dilute something or diminish something, the quality of something, without telling me what does that mean, because of dollars. And I think that's one of the concerns that I have -- and I don't want to speak for the Assemblyman, but I think it's one he has -- is that how do we go through 41 or 21 votes to get what we need to get our program back, if everybody is going to duck and think that one or two of us can argue the case politically, to be quite frank, as we get this in check.

**ARTHUR GRIFFA:** Senator, I do keep Assemblyman Hackett informed. We do meet occasionally in his office, in his Mayor's office, and every opportunity that we get. We do inform him of the progress, or the lack of progress, that we're making. This is so he can keep you, his colleagues, informed about what is happening in our school district, particularly when it comes to an area that's 2.2 miles square and trying to find nontaxable properties that we can use. The Mayor has been very cooperative and so is the City Council and the City Planner. I'm part of the Master Plan Committee in the city, I represent the School Board, and also put on my citizen's hat.

We have had, and as you've heard the Superintendent say, we have had some good relationships with SCC. We also have found that we do have some people we do question on. When you have eight consultants come to a meeting and you look around, a retired architect who served on our Facilities Committee says, "Two guys can do the same job," in that respect. But we are endeavoring to keep Assemblyman Hackett informed, and because we see him much more. We have informed Senator Codey, Governor Codey's office, of some of the concerns that we've had, as he is President of the Senate. And we've asked him to put on his Senate hat rather than his Governor's hat, because he does represent our area there. But we are closely related to Assemblyman Hackett, primarily because it is his town. He does inform us that he does communicate with his colleagues on that. Has informed us particularly of the work that you two gentlemen are doing, too, to try to relieve some of the pressures of all these school systems in the construction project. And we deeply appreciate it, believe me.

SENATOR RICE: Well, I raised it, because if you noticed, this is the first time I raised that today. I basically raised it because my concern, when I see a Phillipsburg with 31 trailers-- And I don't know how many districts -- municipalities or school districts are in that district. But I don't care if you're Republican or Democrat, I want to know who represents them. Where's the voice? Don't say, "Because it's Phillipsburg out here by itself, and Blairstown defeated a referendum, that I'm not going to worry about a population of 16,000 that need us out there."

By the same token, I don't want Mims to know everything because it's his town. To me, that's the wrong approach. Yes, he's the town as Mayor, but McKeon is their representative in West Orange, too. And I just think if people can go around and argue to keep us junkies the rest of our lives with free needles, they can argue for education. So at least we can be educated junkies. I'm just being honest about that, okay. And I get real concerned.

MR. GRIFFA: I understand.

SENATOR RICE: Because I know East Orange can maybe show up here and have that same concern, the bulk in this. Beyond us, we do connect with them. But the point is, is that we have to talk more now about accountability, but be very serious. We're going through an election right now. I hear governor candidates saying different things about the bill that Assemblyman Stanley and I have in. It seems to me there's somebody that needs to say, "Hold it. You get nothing here unless we can talk." If not, we're not going to be able to carry this ball by ourselves if everybody is going to patronize you at meetings like this -- and we're not trying to do that -- but my colleagues-- And they're going to scold one here and scold

one here, and ask who we're going to put in jail and who's going to hold accountable. That's not going to resolve our problem.

And so I just want to make sure-- And then when you have people on our boards up and down the state who are supposed to be addressing public education, think the way you do that is to privatize through vouchers, and they want to confuse people and tell us that's good for us, (indiscernible) as though we're a bunch of idiots. I have a problem with that.

So you've got to do some local work. We're going to fight for the schools. But I got a feeling that you need to do a little bit more homework for us to get past this, because then we'll get the issues that the Superintendent is talking about back to the table. Give us accountability. Let's look at this differently. Why is there not more local involvement? Why did we say that from day one? That was my argument from day one, that was the Assemblyman's argument from day one. Why are we gathering land, when in Orange the Housing Authority and the city talk all the time about land, and the school board talks all the time. So if you want to assemble land, just put them in charge and we'll get that together.

Now we're rolling them back, talking about the things-- We started the program talking about what didn't happen that cost us. But I can tell you this, and you can go check the record on this, it's only been a handful of us very vocal, and seriously vocal, about getting this stuff right from day one, before Jack Spencer was there. The rest of them, yes, we're with you. Well, we don't want to know we're with you. Stand up in your community and raise the same stand some of us are raising. Bring community meetings, okay.

MR. GRIFFA: We have done that. We are the first school district to have in--

SENATOR RICE: Well, you have, you have, you have. But understand what I'm saying.

MR. GRIFFA: Yes, I understand what you're saying--

SENATOR RICE: Okay.

MR. GRIFFA: --but I'm saying we were the first school district to do a five-year plan.

SENATOR RICE: I don't let the (indiscernible) get in my way of progress.

MR. GRIFFA: We have had our citizens involved and everything like that. And it's a lot of frustration even trying to get collaboration. We would have had both -- the two gubernatorial candidates to talk at our county leadership meetings -- who are all over the state. And my one question was, to them, you solve our problem if both of you write a check for \$60 million each. We've solved our problem in Orange and you guys can still move on and do your election. (laughter) Believe me, we are working on a local level to make sure that we can help solidify everything that's being done in this state to move the construction issue forward.

SENATOR RICE: Sure. The only reason I raised that, and I'll move on from this, is because in my town I have a similar problem you have locally. I've got a school board member who thinks that the key, when he took the oath, was to privatize. We make it very clear. We do not hide that person behind the scene. We expose that person that-- We stay focused on what has to happen in our district. And my point is, that when you get barriers in the way that's respected, sometimes you have to pull all

the masks off of barriers, whether you want to do that or not. Don't be so humble. I don't want to quote the scripture to you, but my point is that you know where I'm coming from.

MR. GRIFFA: Yes.

SENATOR RICE: Okay? You need to deal with that in order to help us get this done. Don't rely on Senator Codey and his pals, as President, and think that because he's the Senate President that we're subordinate to that. You need to rely on all of us to move forward. But the barriers that may be in the way at the local level, you've got to remove them for people like Mims and maybe McKeon and them, because there are some things there that can stymie. You have one conversation and somebody is having another conversation. Then we get our legislators throughout the state here in the middle of this stuff, and they're trying to balance something that shouldn't be balanced. And you go over here, you're over here. You're either for this or for this -- there is no in between.

So I just wanted to at least go on the record, and I do understand. I'm looking at these pictures here coming out of East Orange, and I'm a little concerned over there too. I want us to get over there. But I do agree with what the Superintendent is saying on the accountability. Some of it's SCC, so don't think we're praising them and giving them a 100 percent mark. Some of it is local government. Some of it is State government and the Legislature. Some of it, believe it or not -- nobody wants to talk about the unions. I love them. The project labor agreement works against us, as well as it works for us. And we have had those discussions, at least we have with labor, and they understand that.

And so there's a lot to be done. That's why we're taking the time to stay here to listen. It's that important to us. Are we going to get it right at the end? We don't know, but we're going to fight for it.

Okay, East Orange?

MR. GRIFFA: Thank you.

DR. PARKER: Thank you.

**L A V A L S. W I L S O N, Ph.D.:** Thank you.

Senator Rice, Assemblyman Stanley, and members of the Committee, I'm Dr. Laval Wilson, the Superintendent of the East Orange School District. Today I'm representing our Board of Education, the students, and staff, and the Mayor of East Orange here.

Members, my staff and I have had a pretty good working relationship with the New Jersey Schools Construction administrative staff. East Orange has several major concerns, however, about the New Jersey Schools Construction program. First, we are deeply concerned about a lack of the New Jersey Schools Construction funds to complete the construction projects being planned by our district and New Jersey Schools Construction Corporation. Our budget allocation had been about \$255 million. All elementary schools, and middle schools, and one secondary school were to be renovated or replaced. Now, only three elementary schools will be funded.

East Orange has 20 schools and a student population of 11,500 -- all in 3.9 square miles. The second East Orange concern has been the oversight in efficiency of the New Jersey Schools Construction Corporation during a secondary school renovation project over a year ago. This was Campus 9 -- a school for just 9th graders. In March of 2003, a decision was

made to move the staff and students of Campus 9 to a swing space for the entire 2003-2004 school year. And this was so that the school could be renovated without staff and students there. And during the 2003-2004 school year, the Campus 9 building was, indeed, renovated. The students and staff were moved back into Campus 9 in August of 2004, and they used the building for the entire 2004-2005 school year. And that was last year.

The roof that was replaced leaks. The gutters and flashings that were repaired do not function well in certain sections of the building. A number of rooms that were renovated and painted have peeled, and wallboard plaster has flaked and fallen apart. So much water has entered some of the rooms that mold spores have appeared on the walls. These spores were discovered this past Summer. The New Jersey Schools Construction Corporation did not correct the water problem during the entire 2004-2005 school year. Letters were written to the New Jersey Schools Construction Corporation in February and March of 2005 explaining the problem. No corrections were made. These were letters from me, as Superintendent, and letters from the Board President.

I spoke personally to Mr. Al Koeppel about these health and safety issues in August of 2005. No assistance was provided. In order to ready the rooms for September of 2005, East Orange hired its own construction firm to repair these rooms. Without these repairs, I would have had to close down entire sections of the building. Let me point out that during the renovations, in 2003-2004, the construction firm remodeling the Campus 9 school demolished the student cafeteria food service lines by mistake. These were aluminum food serving structures, and they were not replaced. The district was told that a new kitchen service

structure would be installed. But now, because of a lack of money, the school does not have food service equipment for its students.

Let me point out also that the construction firm left in the student cafeteria, for an entire school year, a three-foot gas line in the walkway where the students have their traffic to the cafeteria. You have pictures of that. And when I spoke before your Committee, Assemblyman Stanley, in Newark, I gave you an entire portfolio. I just pulled out four or five of those pictures for today. Left for the entire school year were other exposed pipes in the student walkways leading to the cafeteria. Left for an entire year, a malfunctioning new student water fountain in the cafeteria. Water rolled out of the fountain constantly onto the student cafeteria floor. Now the construction firm we hired this Summer cut off and leveled off those pipes so that they would not be hazards. And we still have, however -- you can see the pictures of the water fountain. The construction management firm hired by New Jersey Schools Construction sent out a repair person. The person came, took off the cover for the water fountain section -- we haven't seen him for seven months.

Finally, at Campus 9, one boiler room was renovated and a new one was constructed. The school was to convert from oil to gas as a part of the renovation project. Again, this construction was done during the 2003 school year. As of September 30, 2005, the oil to gas converter had not been installed and tested. The heat and air distribution system has not worked. Heat and air are not distributed evenly throughout the building. We get constant complaints during the Winter. We are now moving into the second year of occupying this Campus 9 building, and we're getting ready to move into the heating season.

The third major concern and issue we have in East Orange is the Carver Elementary School. East Orange was approved by the New Jersey Schools Construction Corporation to have a new Carver Elementary School. During July and August of 2004, the Carver staff and students were moved to swing space for the 2004-2005 school year and the 2005-2006 school year. Now there is no money to build a new Carver. The students and the staff of Carver are now located in a swing space indefinitely because of a lack of State funding.

It is, from my perspective as Superintendent, morally wrong to tell the school staff, students, and parents that a school should move to another location to swing space and then to leave them there without building a new school they've been promised.

Finally, the New Jersey Schools Construction Corporation has completed a feasibility study. I have a copy of that study here. And that study indicates that the Hart Complex Middle Schools -- these are three middle schools in one huge complex -- 1,900 students in that complex, three separate schools. The feasibility study states that the building should be demolished and a new structure built. Hart is -- the heat in that building is distributed in an uneven manner throughout the entire complex. Three schools use two cafeterias. Three schools use two gyms. And three schools use one library. Water comes through the walls and through spaces between the window casings and the structure. That's a part of what's in the feasibility study. But because of a lack of State funds, the entire middle school initiative of East Orange has been put on hold.

Two new schools were to be constructed and two buildings were to be renovated for middle school use. One of those middle schools was

going to be a design/build project. East Orange supports new funding to finish the Abbott school construction program in New Jersey.

And I thank you on behalf of our Board of Education, our Mayor, and our staff and community for allowing us to make this presentation today.

SENATOR RICE: Thank you, Doctor Wilson.

The same question -- in terms of your State officials, have they been abreast of earlier stage -- the conditions of the contractor and these conditions? Have they responded to you? And I'm going back some time there, because obviously this goes back in a time to something we should have been doing. Also, in terms of your district, who's the PM in your district?

DR. WILSON: I'm sorry.

SENATOR RICE: Your PM up there, is that Bogis (phonetic spelling)?

DR. WILSON: That's Don Todd -- Don Todd Associates is the PMF.

SENATOR RICE: Don Todd?

DR. WILSON: Don Todd Associates is the PMF.

SENATOR RICE: Okay.

DR. WILSON: We have weekly meetings. Members of my staff have weekly meetings with Don Todd Associates, with the representatives of New Jersey Schools Construction Corporation. That's been a weekly meeting that's been going on for two years.

SENATOR RICE: Isn't it part of the PMs to--

DR. WILSON: Yes, sir. No question about it.

SENATOR RICE: Okay. Do you know if he got involved at the early stage of this?

DR. WILSON: They've been in the building. They've seen it. They understand all aspects of it. We turned the building over to them so the building could be renovated. They were aware of all those projects and all of those issues and problems. A letter went from me, again. A letter went from the Board President. I talked personally to the new Chairman in the Summer. He said there could be moneys available for health and safety issues. After that, I didn't hear from him. I brought in my own construction firm to resolve those problems before the start of the school year. There's nobody in New Jersey Schools Construction either in Newark or down here that doesn't know about that problem. They all know about it. There's just no money, they say, to do anything about it.

SENATOR RICE: Well, but this person had a bond. And in the bond -- required him to do certain things. Well, we need to take a look at that. Because it seems to me if you have a contract, even if you're going to stop a job, you don't walk away from a job. There's a way you leave a job. You don't leave wires exposed or things like that. That's the point I'm making.

DR. WILSON: We don't disagree with you. We asked that question.

SENATOR RICE: And that's what the bond is supposed to be for, etc. Okay.

DR. WILSON: But we've made everybody in the world aware of that problem. We had Channel 2, ABC, come in and do a documentary on it. We talked to the people down here in New Jersey Schools

Construction. Everybody is aware of the problem. They're saying they don't have the money to do anything about it.

SENATOR RICE: Okay. Thank you very much.

DR. WILSON: Thank you, sir.

SENATOR RICE: Okay. Now we're going to -- I'm trying to wrap up. I'm told that I have Paterson still here, someone from Paterson. And this is not the superintendent or facility people, right? Okay.

And Plainfield is here. Plainfield, why don't you come up to the table, too. Is that it? Anybody else here? We did Gloucester already, didn't we? Okay. If she's a parent, then we'll give her a few moments after we finish, okay? And that's going to conclude.

All right.

I R E N E S T E R L I N G: Senator Rice.

SENATOR RICE: Sure.

M S . S T E R L I N G: My name is Irene Sterling. I'm Executive Director of the Paterson Education Fund. And I'm here, in part, in that hat, and in part as one of the cochairs of the Subcommittee of the Paterson Five-Year Facility Plan Advisory Board this year. I cochair the Community Growth and Revitalization Committee. And with me is--

L U S T A A G Y A R E: Hello. My name is Lusta Agyare. I also am a member of the Five-Year Facility Advisory Board in the city of Paterson. I serve as cochair on the education programs. I'm also here today to testify.

Hello. My name is Mrs. Agyare. I am an ACORN member and one of ACORN's representatives of the Paterson Facility Advisory Board. I am here today to speak out and reach out to all those who care and can make a difference in the way our children are educated. I am a parent, a

teacher, and a concerned member in the community in which I live. I am always striving to make things better for me and my sons. I am here today to tell you that the way a child is educated determines the outcome of the quality of life that they will receive. How a child is educated determines what nation will remain a supreme power.

The government has a commitment and is legally responsible for providing all children with a thorough and efficient education. It is responsible for holding districts accountable for providing our children with the best -- the best teachers, good curriculum, and facilities that our children need to succeed. I see a big difference between urban schools in Paterson, the suburban schools in places like Cedar Grove. I am here today to ask you all to fight and help our children and help fix this problem.

I have two sons presently enrolled in the Paterson school district. The oldest of the two has been classified with ADHD. He was placed in a special education program, which stated that he should be in a self-contained classroom. He was supposed to receive an education, but instead oftentimes I found that he was allowed to play video games and practice work on dittos. After he had been through numerous schools in Paterson, they finally decided to place him in the out-of-district school. This school was located in Cedar Grove, New Jersey.

When me and my son went there for an interview, I was amazed -- for this school had a very large, well-kept grass front lawn. When I entered the building, the first thing I noticed was a glass display area built inside of a wall. The display cabinet held different types of pottery and other creative artwork, including paintings. It was at that time I asked, how long will these items be on display? The woman answered, "Until they are

sold. You see, our students have created everything you see inside. And once a year we have our art show where parents and friends are invited out to the school to see the work the students have made and buy any artwork that is appealing to them.”

The school had classrooms with no more than eight to 10 students per class. The teachers were smiling as they were introduced to my son and I. I don't remember if there was a computer in the classroom, but they did have a computer room for the students. They had a separate resource room, an art room. There was a nurse's office, as well as a room for parents and students, or where the staff could hold small conferences. There were plenty of books, and they had their own little library within the school.

How can we expect Paterson's students, teachers, and staff to produce the same results when they're in a totally different world with totally different resources? My youngest son was also classified. He was also placed in a self-contained classroom at Paterson and was given much support by the staff at that school. I believe that even the teachers themselves somehow were convinced that these young men had no real chance of succeeding in life. Those teachers who did care were often the ones complaining about not having the materials needed in order to educate our students. They were asking for more resources, larger rooms, more staff, so that they were able to give one-on-one attention to all students. They wanted these children to have classrooms that weren't in the basement of buildings. Yes, you heard me right. Our children held classes in basements, often with very few or no windows.

SENATOR RICE: Excuse me. I don't mean to be rude. It's been a long day.

MRS. AGYARE: Yes.

SENATOR RICE: We're trying to identify and stay with those areas of facilities that should be moving into the ground prior to 2005-2006. We do understand, and that's why earlier this morning we asked the participants who want to talk more about the need for more space and newer schools to kind of hold off for another future meeting. But is there anything you can tell me about Paterson's programs -- are there schools you're aware of because, obviously, the superintendent is not here, or facilities people -- about those particular schools?

MRS. AGYARE: Irene will.

But I would like to just end on this. I think we need to really, really get moving. And I'm looking for the legislators to help to oversee the SCC. My son has 9:30 lunch -- 9:30 a.m. I think it's a shame. The children at East Side High School, they laugh about it. They call it a second breakfast. I'm here to represent them.

MS. STERLING: Thank you.

Ms. Agyare was talking about the education program and the lack of facilities to carry out those education programs as it relates to her son. If you take a look at the chart that I've put forward for you-- I've actually brought two documents: One is my certification in our amicus brief. The Paterson Education Fund has gone into court to support the Law Center's request to move the facilities work forward. And we have outlined in that amicus brief the particulars of the Paterson school situation, which are captured, I think, most easily for you to understand today, in the

document that says a Status Report, with five charts to explain what's happened.

We are particularly concerned that 11 schools are stalled without funding in this current round. Those schools are serving, currently, 8,251 students. Those students, if these schools do not get moved forward with your bill, Senator Rice, will continue to have educationally inadequate facilities. And you can see, in the chart, all of the facilities -- gym replacements, science rooms, etc. -- that are part of those plans and that are stalled. And they include things like the situation at School 16, which we have talked about to the Legislature and to others before. That is a school of nearly 300 kids who share one first-floor bathroom. That project was stopped.

The second chart represents all of the projects which still have not gotten through. Chart No. 4 -- all of the projects which still have not gotten through the SCC process, and are therefore unable to be moved forward at this point -- work yet to be done.

Chart 5 really gives you what we call the *box score* -- what you can see has happened over time. In 2005, we will have completed one of the 10 elementary schools. We will have gotten only 150 of the more than 2,000 high school seats we need. We will have not received any of the renovations or additions to cafeterias, gyms, science rooms, media centers, health centers, auditoria, and classrooms proposed in our first five-year facility plan. And by 2007, the projects approved to go forward in July of this year, we will still have eight elementary schools to go, 1,500 high school seats to go, and in all of the other cases, one or two additions and

renovations. It is a horrible situation, particularly because the Paterson Public Schools is a growing school system.

Since we put into place the first five-year facility plan, we have nearly 2,000 additional new students. October 15, as you know, will be the official count for this year. We expect an additional 300 students in this year over last year. So the inadequacies of our school system continue to grow while little happens.

I am very concerned today, of all the things that I've heard -- and I've been here since you opened today -- was Assemblyman Baroni's statement when he called up the *Brown versus Board* decision and talked about moving with all deliberate speed. We know that all deliberate speed was the phrase that was used by the opponents of the court decision to slow the implementation of schools -- the school desegregation case in this country -- for what is now more than 50 years. We cannot afford to have this Legislature think that all deliberate speed is a way that we can move forward. There are 20,000 kids in the city of Paterson, nearly 90 percent of the children, who currently sit, and will sit for the foreseeable future, in educationally inadequate spaces unless we act. And all deliberate speed can only be defined in that sentence with *immediately*.

Thank you.

SENATOR RICE: You're welcome.

Question for Paterson. Now, you said one school, 2005, out of 10. Do you know what status the other schools were in? Had they gotten to design and acquisition? They've never gotten that far? Were they slated to be in the ground in 2005-2006?

MS. STERLING: If you'll look at Chart 1 that opens that page up, is either completed or substantially underway. Roberto Clemente and PANTHER are a complete school, 13 is underway. Chart 2 represents the schools that were approved by the SCC to go forward in July. Most of those will be done by 2007, except for new School 25, which has no swing space currently attached. The project's been approved. In order for it to go forward, we must move those kids. But no swing space has been identified. And then everything else on this list is stalled.

SENATOR RICE: I can't really tell from your lists-- Like, if I was to look at a Newark district list, I know that this project, all the land has been acquired, so there's no beef there. They can't argue that. Ninety percent through design phase, which means in 30 days. As soon as you say, "Okay," they can knock it out in 60 days. The shovel can go into the ground. I'm trying to get to that piece.

MS. STERLING: I don't have for your today the specifics of the projects, where they stand in status in the Chart 3. But all of those projects were in development phase and we can get a report for you of how much longer it will take to move them. But they are in a place where things could go forward.

SENATOR RICE: I think that's important. I think it's important also, because you noticed all of a sudden I started switching my hat to talk about legislators being involved with the process. I know these districts, and Assemblyman Stanley and I worked very hard, number one, to take Paterson and Newark and Jersey City out of takeover districts.

MS. STERLING: Amen, and thank you.

SENATOR RICE: We started with a negative right there, okay? By the same token, sometimes I think that the voices of some of my colleagues, in both Houses in these districts, are too quiet. I'm being honest about that. People don't like it. I don't know Senator Girgenti's take. I suspect if something comes through, he'll vote for it. But I need something more than a vote. I need someone to be vocal now, vocal to those of us in Trenton, vocal to the Governor, vocal to the Jon Corzines and the Forresters about where we have to be in January. I need to hear from the Assembly pols and the good reverend in terms of where we are. And I think that those who want to get elected in November -- Democrats, Republicans who are running for government -- need to know we need this regardless of who's there. If not, we're going to get there with myself and my colleague on point, and you behind us. It's just going to be a little more difficult. I think it's a lot easier if the Lances, and the Committee members, and others who do understand and have a vested interest in their district -- for us to send that message.

And so I just want to thank you for coming and sharing this. This is the kind of information that we're going to need, and we're going to need it probably at this finite breakdown in term, in order to argue our case moving to January. And when I said January, by the way, don't think that the Assemblyman and I are not behind the scene arguing and talking about trying to get this thing done in lame duck. I just don't believe it's going to happen, but we just didn't ignore that. In fact, we've had a consultation this morning where the Assemblyman wanted me to move forward with him to have some more discussion on that.

So with that, I want to thank you.

Assemblyman, do you have any issues for Paterson?

ASSEMBLYMAN STANLEY: No. Just to thank you for coming up, and certainly applaud the work that the Paterson Education Fund has been doing with respect to facilities throughout the course of Abbott. Just all of the forums, the community input. I know I've taken part in a number of things up there, and your activism will have to continue if we're going to see this happen.

Thank you.

MS. STERLING: Amen. We'll be there, right?

MRS. AGYARE: Yes, we will. (laughter)

ASSEMBLYMAN STANLEY: Thank you.

SENATOR RICE: Thank you.

Okay. We now have Plainfield. Let me apologize to Plainfield. The only good thing about a bad thing is that you're so used to us down here that you understand -- thank God for that. If you were new to the process, I'd be really concerned about you being our last speaker. But we do apologize.

Oh, we have a young lady over there.

MS. SCHULZ: Are you speaking?

SENATOR RICE: Are you going to be speaking?

UNIDENTIFIED PERSON FROM AUDIENCE: Yes, if you'll let me?

SENATOR RICE: Why don't you come have a seat right there, and that will conclude our testimony, after Plainfield, okay?

We did the Cumberland group this morning.

Go ahead.

**BARBARA GEORGE JOHNSON:** To the Chair and the Cochair, I just want to say my name is Barbara George Johnson, and I'm representing the Plainfield School District this afternoon. Unfortunately, Paula Howard could not be with us, who is the Superintendent of Schools in Plainfield. There were a number of individuals who were here from Plainfield this afternoon who could not stay, but they have submitted testimony for you to read at your later convenience.

Let me just start off by saying that I commend you for having this hearing today, and I commend your commitment to continue to move forward to try to ensure that there's additional funding for projects that were not funded during this cycle of the Schools Construction Corporation funding. There are four projects projected for the 2005-2006 school year -- Emerson Elementary, Cook Elementary, Woodland Elementary, and a proposed middle school in Plainfield. As of July, they received approval for the Emerson project. However, the Schools Construction Corporation is now attempting to cut back on the funding originally approved for Emerson.

In addition, the high school has a student capacity of 1,200, with a State capacity of actually 900 students. Presently, there are approximately 2,000 kids in the building. The cafeteria has a 300 student capacity, and they are now forced to have lunches as early as 10:00 in the morning. In order to accommodate children, they had to move 24 classes, which was over 500 students, into the old high school. The old high school was built in 1916. There are certain sections of the old high school that have been deemed condemned by the city. The movement of the kids from the high school to the old high school has cost the district a lot. They had

to ensure, however, that there's instructional space for the high school students.

Plainfield was granted a Federal Smaller Learning Communities Grant, yet the space that children occupy is definitely substandard. The middle schools are also crowded. Maxson has a district capacity of 853 students and the State capacity of 654, yet there is a little over 1,100 students in the school. Hubbard has a district capacity of 646 and a State capacity of 463, yet there is close to 800 students in that school. The teachers teach from carts and they share rooms.

So these are just a few of the numbers that the superintendent of Plainfield wanted me to share with you, and asked that you move forward in your efforts to get additional funding for the Schools Construction projects.

Thank you.

SENATOR RICE: Thank you, also.

Cumberland County, is that correct? Gloucester County? Gloucester City, okay.

**L a R A E D i C A M I L L O:** Gloucester City.

SENATOR RICE: Okay. It's been a long day and a lot of Gloucester came through here today. A lot of South Jersey came here today, which is great.

MS. DiCAMILLO: My turn?

SENATOR RICE: Yes.

MS. DiCAMILLO: I want to thank you for-

SENATOR RICE: You can sit down. Sure, relax, sit down and talk. You're doing good.

MS. DiCAMILLO: I want to thank you for hearing me out, because I know you're all tired and it's late. I didn't come on behalf of the school district and I don't-- I'm here on behalf of the children.

SENATOR RICE: Excuse me? Just state your name for the record.

MS. DiCAMILLO: I'm sorry. LaRae DiCamillo.

SENATOR RICE: Okay, LaRae. Go ahead.

MS. DiCAMILLO: What Assemblyman Baroni was saying about the contaminated school site, that's what I'm here about. Yes, Gloucester City, because of all the big development projects coming in and the new homes, which is, at the latest count, would be approximately 1,100. Okay? So I'm thinking 3,000 people. Yes, they need a new middle school, but not on that site. That's not a site to put anything on.

Okay, now what people don't understand is about the Superfund site. The Superfund site, which is Federal, is only one portion of the entire school site. And, yes, the EPA has remediated that and it's clean and it's fine, and the cleanest site in Gloucester. They'll all tell you that. That's fine. That's not the problem. But that is the EPA's only function as far as the whole school project is concerned, because that Superfund site there is part of the Welsbach Federal Superfund. That's why. And that has to do with the removal of the radio-active contaminants.

But the problem is with the chemical contaminants on the other parts of the school site. There is the former rug factory, which has PAH's -- polycyclic aromatic hydrocarbons. There's underground storage tanks, and these are like fuel -- petroleum distillates, the vapors that can come up into the school and such. Yes, it's all historic fill. There's arsenic,

lead, chromium, nickel, a number of heavy metals. The groundwater and the soil are both contaminated with this historic fill, and pesticides, and the vapors.

And now the really scary part is the PSE&G-- It's a former PSE&G site. That's one parcel of the land. That's where our children's playing field will be. And the playing field consists of the PSE&G site and the Superfund site. Well, there is coal tar, which is a known human carcinogen, there's coal tar in the soil and in the groundwater. There's benzene in the water, which is a volatile organic compound and can travel up through the pipes, or anything else, into the school causing harmful vapors. There's naphthalene and there's chromium -- hexavalent chromium. And so we're all told, "Well, the children are not drinking well water, so that's not a problem." Well, see, yes, it is a problem. Okay? Because that contamination is there underneath, those vapors can travel up. And as far as the coal tar, the only thing separating that poisonous coal tar from our children is what the DEP refers to as a deed restriction. It's a cap -- there's a vinyl cap over it at the groundwater table, and then there's 18 inches of soil on top of that.

So the SCC and DEP -- their solution to that is to put more soil over it, okay, so our kids will really be protected. Well, no. See, because there's like rain and wind and all that stuff, and it messes with soil and, like, our kids are going to be playing there. And furthermore, there's no long-term monitoring done on the children's health or on the school site, because nobody can afford to do that. It's nobody's responsibility-- SCC says that it would be the school district's responsibility and--

SENATOR RICE: Let me -- not meaning to interrupt you -- let me ask you a question, quickly. On the Gloucester City piece, that's the location here, about -- what was it -- \$14, \$18 million, or \$20 million worth of (indiscernible) for Federal money that was used in cleaning up. And therefore, we're being told that we should really be whipping up on everybody for stopping that project, primarily because of the kind of moneys spent by the State, as well as the Federal Government, to clean it up. But are you saying that that location, the school is supposed to go there, but it's not fully clean? There are problems that if we tried to address it-- If we build a school there, the problem still remains? In other words, you're telling me this is part of the lot there, and we cleaned this much, but we didn't clean this much?

MS. DiCAMILLO: Yes. Yes, that's exactly-- You got it. The Superfund site is Federal. That's the only part the Federal Government plays in this, is one little lot, one parcel of land there. The rest of it -- the chemical-- Once the thorium is removed, the radiation, it's removed and the clean soil is put there. Okay, well, it's gone. Fine. That is not my concern. That's Superfund site. It is the chemical contamination, and there are too many unknowns there at that site.

SENATOR RICE: Yes.

MS. DiCAMILLO: I mean, just for a real quick example, science is not an exact -- it's not an exact science, these chemicals and stuff. And children's metabolism, children's toxicology -- they're affected by chemicals much -- you know this -- much differently than we are.

SENATOR RICE: Here's what's going to happen. I have the staff -- and we're going to conclude. I have the staff going to do a little bit

more research to find out, on the block and lot numbers they are talking about, the problem. And then maybe we either have DEP or someone tell us what does clean mean. Because if we have the adjacent property, or property with the same block, if you will, what (indiscernible) from groundwater contamination and other kinds of things that we don't want to be a part of, given a course we'll put out. And it is a location that I will be visiting, hopefully, sometime soon. It may not be this month, maybe next month. But we'll get there, because there is a concern that Gloucester City has.

We know there's two sides to every story. Our concern is to make sure the kids are protected where we build the schools. By the same token, to make certain that we're not wasting money once we go out there. And if it comes back to be a site that is buildable, even though you and some others may not think it is, based on all we know from the Federal Government, people don't get me to move forward because of the amount of money spent already. But that's what we want, is objectivity and information, okay?

MS. DiCAMILLO: Of course.

MS. GEORGE JOHNSON: Yes.

SENATOR RICE: But let me thank you also for coming and for staying so late, particularly coming from a parental perspective, as well as one who appears to be very knowledgeable about the environmental issues in Gloucester City, even to the point that you pronounced all those terms correctly, and I can't do that. (laughter)

Thank you very much.

We want to adjourn this meeting at this time.

MS. DiCAMILLO: Thank you. Thank you so much.

One quick thing. When the DEP and PSE&G -- went into an administrative consent order saying that PSE&G didn't even have to clean it up to residential standards. So just know that, okay?

SENATOR RICE: Okay.

MS. DiCAMILLO: And I thank you all so much.

SENATOR RICE: Thank you.

ASSEMBLYMAN STANLEY: Thank you.

**(MEETING CONCLUDED)**