
Committee Meeting

of

JOINT COMMITTEE ON THE PUBLIC SCHOOLS

SUBCOMMITTEE ON SCHOOLS FACILITIES AND CONSTRUCTION

*"Marc Larkins, Chief Executive Officer of the Schools Development Authority,
will update the members on construction activities around the state"*

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

DATE: March 5, 2013
11:00 a.m.

MEMBERS OF SUBCOMMITTEE PRESENT:

Senator Donald Norcross, Chair
Senator Ronald L. Rice
Senator M. Teresa Ruiz
Assemblyman Benjie E. Wimberly
Assemblywoman Bettylou DeCroce

ALSO PRESENT:

Assemblywoman Shavonda E. Sumter

Melanie Schulz
Executive Director

Sharon M. Benesta
Chief of Staff



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SENATOR DONALD NORCROSS (Chair): I'd like to call this meeting to order.

First, we'll stand for the Pledge of Allegiance. (audience recites Pledge of Allegiance)

I think that's so appropriate, because what school kid doesn't start a day without the Pledge of Allegiance? And here we are talking about schools and their facilities.

First and foremost, I'd certainly like to thank everybody for coming today. We started, I guess, this journey in the new Administration coming up on three years ago. And when the new head of the SDA, Marc Larkins, came on board, he certainly had his hands full. There were a number of issues that were going on then, particularly cost overruns and a program that was desperately needed in terms of facilities. But it was also in desperate need of some revisions. And we've gotten those over the years.

We've read in the press over the last couple of weeks there are some issues going on, and it's good that we have an opportunity to hear from the CEO.

First I want to open up to remarks from my colleagues, if you have anything.

ASSEMBLYMAN WIMBERLY: Thank you, Mr. Chair.

I just look forward to continuing to work with Marc. I mean, we had a great opportunity I guess a couple of weeks ago to have the groundbreaking of the new School 16 facility in Paterson, which brings great light. Marc and his staff came up. They're very understanding in that -- and particularly this one area really exemplifies what Paterson needs. It's an area that has become highly populated. And recently a 200-unit

apartment building is being built within blocks of that school. So the need for facilities in the City of Paterson, with so many 100-year-old buildings -- buildings that are really antiquated.

I look forward to continuing to work with Marc to bring Paterson up to speed when it comes to facilities.

Thank you, Mr. Chair.

ASSEMBLYWOMAN DeCROCE: Thank you.

I echo my colleagues comments and say that I'm happy to be working with Marc. The last time -- when I was at DCA as the Deputy Commissioner, I was working with the SDA on the Irvington school system and wasn't able to meet with him because he was a resident of Irvington, which he is no longer a resident of Irvington. So I found everyone in his department to be -- work hard and dedicated. And I look forward to the finalization of some of those projects in Irvington that I had started on with the SDA a long time ago. So I look forward to working with him as well.

SENATOR NORCROSS: Thank you.

And last, but not least -- and I held off for Senator Rice because there is nobody in this room who has a better understanding -- nor the history, because he's lived it all -- of school construction as my colleague Senator Rice.

SENATOR RICE: Thank you very much.

We're going to get started. And I want to thank the Chair of the Subcommittee on Schools Construction for (indiscernible).

I'm somewhat frustrated with the process. And certainly I like everybody who is working at the SDA. But the business we're in is not about who we like, it's about productivity. And it's most unfortunate,

because there are a lot of concerns and complaints over the years -- and rightfully so -- about the old system, and the ways dollars were spent, and even moneys that we still have not gotten the kind of accountability we wanted.

It was said when the new Governor came in, Governor Christie, that he was going to be committed to getting projects on the ground. I don't think we can get around that given court decisions, etc. And then we had meeting after meeting, we traveled up and down this state. Senator Norcross had many, many meetings. And we continue to get the same kinds of answers -- that we're reorganizing and revamping the system.

In three years or so -- I think 2010 may have been the last real school project, to my knowledge. If there was one since then, then it's still not a whole lot. And that's really frustrating to taxpayers. The question becomes: Where is our money? And why is it sitting there? What happens with the emergent programs as well as the new structures?

This is an election year, so I suspect we're going to get a lot of programs with shovels in the ground. That's fine. But it shouldn't have taken so long. So we're going to listen to what the leadership has to say.

And I'm going to also say, just for the record -- because I say it all the time. I'm real critical of people, and I work with everybody. But I respect the fact that the CEO and his staff also work for the Governor. So ultimately the Governor, Governor Christie, is going to be held accountable for all these delays in things we're doing. I really believe if it was up to the CEO and some of the staff people, we would probably have some projects moving forward -- maybe not as many as we want to, but more.

And so I'm not going to let you be a buffer, Marc, for the Governor. The Governor holds some responsibility to us, and you hold some to us as well, even though you have a reporting person above you who you have to respect. And we respect that.

So, Mr. Chair, I just wanted to at least go on the record with that. We'll listen, and then we'll respond.

Thank you very much.

SENATOR NORCROSS: Thank you, Senator.

Certainly, when anybody comes into a job new there is a certain degree of latitude that we need to give them to find out what the organization is actually doing. And this is no different for SDA. There has been a thorough review. There certainly have been changes made. The infrastructure is in place. The team is ready to go. And now it's time to actually start rolling out some of the new schools and trying to help out on the emergent projects. Because we all know the need is there.

So today we have with us, as we have each time, the CEO of the SDA, Marc Larkins. We'd like to invite you forward.

Marc has the team here. They've stretched out. The ball is on the field. And now we're going to hear the play of how many schools we're about ready to begin and what you see happening over the next 12 months. And I'd certainly like to hear your view on some of the recent comments on the overhead issues.

Marc, again, as always it's good to see you.

M A R C D. L A R K I N S: Thank you, Mr. Chairman. It's good to see you as well.

Chairman Rice, other members of the Joint Committee, it's always a pleasure to appear before the Joint Committee, because we certainly understand how committed this Committee is to the improvement of school facilities across the state. It's certainly not easy work. And I think from some of the comments made this morning, there is some recognition of some of the difficulties that have plagued this organization in the past.

We certainly have conducted a thorough review, and we have actually been in the progress of moving projects forward. And it's great to be here today to talk a little bit about it because it seems that there are a lot of opinions that get noted and printed in the press. It's difficult sometimes to understand the facts that support those. But it's good to have an opportunity to really put the facts on the record and let the public draw the opinion they will.

I think we last appeared before you last June. I think it was June of 2012. So it's been not quite a year, but almost approaching that. And in that time we have released our latest biannual report, which was released last December. And that report essentially outlined the activity of the organization from April to September of last year.

Mr. Chairman noted that it's been about three years to the day almost of when I started with the organization. I think it really is a good time just to take a moment, for me, to reflect on where we were when we started and where we are today.

I certainly don't want to neglect -- just for the record, I have here with me this morning my Chief of Staff, Jason Ballard; and our Director of Communications, Kristen MacLean.

When we joined the organization in March of 2010, it certainly was an organization that was still plagued by cost overruns wildly reported. But it was one that was lacking the necessary funds to advance projects. Two issues: One-- When I got there, one of the pressing administrative matters was to try to get another bond issuance, to try to get more cash on hand for the organization to continue its work. So there really was a bit of a cash crisis.

But prior to my joining in January of 2010, the members may recall that Governor Christie vetoed a change order of a little over \$1 million. But that change order was representative of a project that had exceeded its original contract value by 66 percent. And at the time of that veto-- That was just a continued reflection of the cost overruns and problems that plagued the organization.

Back in March of 2010, the organization had a portfolio of 52 capital projects that had been announced in 2008. And the interesting thing about those 52 projects is, 27 of those 52 projects were what we call *deferred projects*, which means those 27 projects had some prior work done to them before being announced in 2008. By the time we joined the organization in March of 2010, only 3 of those 52 projects had made their way into construction. And, again, that's putting those 3 -- those are 3 of the 27 that had been worked on before.

The organization also was one that had swelled to have a staff of over 330 employees and a budget of over \$50 million. It was about \$52 million that year in 2010. But as I mentioned, it was making very little progress. And also, what also gets overlooked is, the projects that were being opened weren't finished. There were several projects, one of which is

in Paterson -- Paterson International High School -- which still, as of today, doesn't have a CO because of problems with the construction and design of that project which we're still working to solve.

So where are we today, three years later? Governor Christie's Administration has supported continued funding for the program. There have been two bond issuances -- the first in May of 2010 in the amount of \$500 million, one late last year in the amount of \$375 million. So to date, this organization has committed over \$875 million to the continued support of our efforts across the state.

The Governor and his Administration have also announced two capital programs, one in March of 2011 -- February-March of 2011 -- and the second in March of last year, announcing almost 30 capital projects to the portfolio. And if you recall, that was a revision of the original 52, which the State Auditor had found problems with. We resolved those problems, and have now announced 30 capital projects that we're moving forward across our SDA districts. I'm happy to say today that of those 30 projects, 10 have already seen some construction activity, and we can talk a little bit more about those projects and what that activity has been.

Under the Governor's direction, we've also revamped the structure and administration of the Authority. We've reduced our staff to under 250 employees. We're doing more with less. And we've reduced our budget by over \$16 million, to right around \$36 million. The interesting thing to note about that \$36 million is, actually about \$16 million of those \$36 million go directly to projects. So what we have done is put in an accounting function where we can tell how much of our overhead is directly attributable to and charged to projects. We've saved over \$8 million in

salaries alone for the taxpayers of New Jersey since 2010. So from the Governor's veto in January 2010 until today, we certainly are an entirely different organization not only in how we look, but how we go about conducting our business.

I just want to talk for a few moments about that business, because I know the members have a lot of questions, and we'll certainly talk more in detail about it. But just as an overview, right now the SDA has an active portfolio of over \$2.2 billion. Those are active projects. That includes our capital program, our emergent program, and our regular operating district grant program.

On the capital side, the announcements in 2011 and 2012 of those 30 projects have an estimated value right now of about \$1.5 billion. Approximately 12 of those 30 projects we anticipate will be in construction this year, and we'll talk about the timing and the schedule.

With regard to the emergent project program, right now we have over \$50 million in active emergent projects, and those are those repair projects across the state. Since 2010, the SDA has started 36 emergent projects. Between 2010 and today, the SDA has completed 32 emergent projects managed directly by the SDA -- meaning the organization and its staff -- and another 35 emergent projects have been completed that were delegated out to the local districts to do themselves. All told, that's approximately \$46 million in emergent repairs across the state. The ones handled by the SDA alone total approximately \$25 million.

With regard to our ROD grant program: Right now we have an active ROD grant program of over 1,000 active grants. Since 2010, this organization -- the SDA -- has executed 887 ROD grants to support projects

across the state. The total State value in support is approximately \$277 million. The total project value is approximately \$640 million, of projects across the state executed since 2010. Those projects have touched all 21 counties, impacted 540 schools, in 237 districts.

In that time, we've also closed out a significant number of grants. We've closed out over 500 grants. And I wanted to mention close out for a moment, because close out means that the districts are actually getting paid the grant money they're due. So since 2010, we've closed out over 500 grants across the state.

There are a couple other areas that get overlooked, and I'm going to mention them very briefly just to touch on them, because they're a couple of the highlights of the organization's work in the past three years. Since 2010, the SDA has recovered over \$15 million for the taxpayers of the state in environmental recoveries, and error and omission recoveries.

Focusing just for a moment on close out, we've closed out or transferred over 15 projects. What was happening historically is that although schools were being opened, the projects weren't being transferred back to the districts, and therefore the districts didn't have the necessary ownership over the property or their new buildings. We've reversed that trend. And in those three years, we've closed out 15 projects, transferring them back to the school district and actually saving the State money on carrying costs.

We've also resolved contractor claims. Because when I joined the organization, there were a number of issues and complaints with contractors not getting paid money they felt they were due. The organization, we focused on that -- myself directly and our Chief of Staff --

and we've closed out a significant number of claims. And we've instituted what we call an *invoice review unit* which essentially makes sure that when invoices are submitted to the organization, there is one central point of review, and then they're disseminated out. And it tracks timely payment. So our complaints by contractors are down. Obviously there will be issues where we disagree with contractors, and those will always continue in this business, unfortunately. But we're doing a much better job there.

And with small business development, we have brought a program in-house that used to be outsourced. So we certainly haven't lost sight of giving our small businesses in the state the opportunity to participate in our program. Since 2010, we have graduated two classes through our small business program, and that was inclusive of 28 SBE graduates. We have an active class ongoing right now with 17 small businesses enrolled in that class. In fact, one of the 28 firms that have graduated through that program has already received work with the regular operating district after becoming prequalified. So I would say that certainly is a successful program from our perspective.

As we move forward-- I'll close with this: As we move forward, our focus is going to be the same as what it has been -- just moving forward smartly, deliberately, and making sure that projects are not only done quickly, but done right. Because as stewards of the taxpayers' dollars, that is first and foremost in our minds -- to make sure that we're delivering first-class facilities to the children, but making sure that the taxpayers aren't paying more than they should for those projects; and also focusing on making sure that we're creating jobs and continuing to have small businesses participating in the work that we do.

Having said that, I appreciate the time to make that opening. We certainly are here and ready to answer any questions that the members may have of us this morning.

SENATOR NORCROSS: Thank you, Marc. We certainly appreciate--

Emergent projects: You gave us a brief synopsis of where you are at this point. By their nature, these are projects that are in existing facilities where children are. Why aren't we more aggressively going after those to try to get those done? In many ways you wish you never had to do them, because some you're doing in schools that are going to be replaced. But that's not happening particularly fast. So the health and safety of children is first and foremost. We want to certainly save the taxpayers money. I want the children in safe schools. So more than any other issue, those emergent projects are probably the single biggest complaint outside of a new school that we hear. What's preventing you from being somewhat more aggressive in trying to start those?

MR. LARKINS: Thank you, Mr. Chairman.

When we joined the organization-- And it's important just to put it into this context. The emergent projects move somewhat similarly to the capital projects in terms of process. What we have done is, in effect, streamlined that process. And just to put it into some perspective, when we joined the organization, every single emergent project went out to design with an architect through a separate procurement. And even before it went to design, there was an environmental site investigation done which, in most cases, is necessary. But the design piece was one that we felt was not always necessary for every single project. And we challenged staff to justify

why on every single emergent project -- big or small repair, whether or not it needed a DCA permit -- it went out to a design firm. And the reason that was delaying the process was mainly in the procurement time.

What we find, generally speaking, is that because of State procurement laws, any time we go to do work, it takes between three and six months just to get the contractor on board to perform that work. And when I say contractor, I'm being very limited. Because even if it's an architect -- whether it's a professional architect, engineer, or contractor -- we run into that. So what was crucial for us on the emergents was, in order to be more aggressive, we tried to find ways to avoid having to do so many procurements.

So what we have instituted now is-- We've put in place a general task order contractor pool. What that pool allows us to do is to do rotational assignments for the completion of these emergents. So I say all that to say, we have put in place measures to certainly speed the process versus where we were when we joined.

The interesting thing to me about this process, now having been inside the organization for three years, is when we talk about timeliness, there has never been set a true measure of what the appropriate time should be for any of our projects. What we constantly hear is, "You're not moving fast enough." What I'd be curious to know from the critics is how long it should take.

I will give you this as an example: In 2008, we approved approximately 119 emergent projects, because we went to a similar process to what we went through last year with the emergent project program. I'm sorry, in 2008 -- before we joined -- we approved 119 emergent projects. Of

those 119 emergent projects, 81 were delegated out to the school districts. We, as an organization, essentially said, "School district--" for instance, "Camden, here is your emergent project. You wanted a roof repair on X school. You can do it, and we will fund it. But you are responsible for completing it and managing it." Of those 81 that were delegated, to date -- as we sit here today -- only 35 have been completed. And those were the ones that were given back to the school districts. The ones that the organization -- the SDA -- held onto-- We held onto 37 projects. Of those 37, as we sit here today, 32 have been completed. And ordinarily, the projects that we hold onto as the organization are usually the more expensive and larger projects.

So in this conversation about aggressiveness and timeliness, I just want to put it into perspective, because I don't know if there has ever been a true bar set for how long a particular project should take. And when you talk about emergents, they run the gamut. It could be as simple as a roof repair; it could be as complicated as the replacement of an HVAC system which would likely take a lot longer.

I say all that to say, we are trying to be as aggressive as we can. As an organization, we certainly don't think we hold a patent on speed, so we're willing to listen and talk to whoever has ideas about how we advance our projects. But we have implemented processes that we think are speeding the process from what it was before we joined the organization.

SENATOR NORCROSS: Well, two items: First and foremost, to compare you to the local district -- I think it's not fair, you beating up on them. Your infrastructure is set up to do this sort of work. The school districts can do it, but that's not their specialty. They're there to educate

students, and that's a whole separate issue we can get into. So I appreciate the fact that you're bringing that up.

To date, how many new schools have broken ground and are going since you started?

MR. LARKINS: I preface this, because I know we've had this conversation before.

SENATOR NORCROSS: Well, last year we asked the same question, so I'm expecting much different.

MR. LARKINS: Sure. And I want to be clear. For us at the organization, we consider breaking ground when construction activity starts. And let me put that into context. When we joined the organization, the projects were advanced typically in one package. So site work, environmental remediation, and building construction typically were packaged and awarded -- advertised and awarded to one contractor. That led to many problems, some of which we've talked about before, not the least of which are delays in the actual opening of the school and significant cost overruns.

In our time at the organization, what we have done is separate out those packages. So we want to make sure that we clean and deliver a good site to a contractor before they start to build the school. Last year we did 10 of those projects -- meaning either demolition, site prep, environmental remediation -- all to make way for the construction of the new building.

SENATOR NORCROSS: Right. Put those aside, how many have actually started -- which is your second phase of what you're talking about.

MR. LARKINS: I hear what you're saying. It's difficult to put those aside. But phase two--

SENATOR NORCROSS: No, very important. So we're actually talking about starting to build. How many projects have you started for new construction in New Jersey in the last three years?

MR. LARKINS: When you say it that way, I'm going to focus on phase two because, again, we started over 10 phase one-- Phase two we have awarded two projects. In addition to the awards, we have the advertisements. To date, I believe we have advertised another five.

SENATOR NORCROSS: You've awarded. Have they actually started construction?

MR. LARKINS: Two.

SENATOR NORCROSS: They've actually started construction? Okay. Because awarding and starting are two different issues.

MR. LARKINS: And, again, when we say, "started construction," I just want to be clear. We're talking about phase two.

SENATOR NORCROSS: Yes, we're at phase two.

MR. LARKINS: Because you can't get to phase two without completing--

SENATOR NORCROSS: I understand. And we applaud you that you get a site that's ready to go and you don't find out there are environmental issues later on.

So phase two, which is what we call *construction* -- you've started actually two.

SENATOR RICE: Shovel in the ground.

MR. LARKINS: Yes.

SENATOR NORCROSS: Okay. Good.

What I want to do is -- because we have Senator Ruiz who is taking a break from Budget. She had asked to come in. So I'm going to defer the rest of my questions and give the Senator an opportunity.

Welcome.

SENATOR RUIZ: Thank you, Chairman and members of the Committee, and Chair of the Joint Committee on the Public Schools Senator Rice.

Thank you for the SDA's appearance before us today. I apologize for kind of coming in and getting out. But as much as I can do, I cannot be in two places at one time. So I am going to be, in deference to the Chair, a little bit parochial, and I want a snapshot -- not a little bit, a lot parochial, and I want a snapshot on the City of Newark projects -- where we are today and what is the expected timeframe for school openings -- not completion of projects -- students inside of the classrooms and school openings; and a summary of Essex County projects in total -- so if there is anything else going on in the other areas.

MR. LARKINS: Good morning, Senator.

I will try to be very direct. We have three approved capital projects. I'm going to focus on capital, because there are also emergent projects. For instance--

SENATOR RUIZ: Right, Wilson Avenue.

MR. LARKINS: --we just finished the emergent project -- close to finishing it at Wilson Avenue, which actually was a big undertaking.

SENATOR RUIZ: Right.

MR. LARKINS: But I'll focus, for the purpose of right now, on capital projects. There are two in the East Ward. That's Newark Oliver Street and Newark South Street. Both have been reprogrammed to be Kindergarten through 8. If you recall, historically they were not.

SENATOR RUIZ: Right.

MR. LARKINS: It was a bit of a different grade alignment.

On Newark Oliver, we are just about complete with phase one construction work at that site.

SENATOR RUIZ: So that's environmental remediation?

MR. LARKINS: Correct, and general site prep. There is one pile of environmentally contaminated material that needs to be hauled off the site. And we have advertised and are in the process of taking an award to our Board for the phase two work -- the building construction. We anticipate an award happening tomorrow. Our Board meeting is tomorrow. So we've gone through the procurement process.

SENATOR RUIZ: I'm not going to hold you to these timelines, so I don't want you to think that I want you to put something on record, and then I'm going to come back and say, "You said."

MR. LARKINS: Sure.

SENATOR RUIZ: I just want to get a general estimate of: If things were to work out tremendously, there was not severe weather that interferes with construction, what's the school year opening for Oliver?

MR. LARKINS: And this is the way I will say it, and I will tell you why. What we purchase -- what the State purchases through the procurement process is a two-year construction period.

SENATOR RUIZ: Okay.

MR. LARKINS: And that's from NTP. So if we award tomorrow, if the Board approves it, there is a veto period which is a couple of weeks, and then there is a process for getting notice to proceed. So depending on when that notice to proceed happens, I would say generally two years from that.

Having said that, there is a caveat to that. In New Brunswick -- where we purchased the same thing, that two-year schedule -- the contractor is looking to deliver it faster than the two-year period or two-year schedule that we purchased. So that's why I hedge. What we buy is two years; it could be sooner.

SENATOR RUIZ: So we're looking at, two years in, 2015-'16 school year.

MR. LARKINS: Again, that's what we're purchasing. But it could happen sooner. It all depends on the contractor.

SENATOR RUIZ: But it will not happen later?

MR. LARKINS: Unless something totally unforeseen comes up.

SENATOR RUIZ: Catastrophic.

MR. LARKINS: We have no expectation that it will be later than that.

SENATOR RUIZ: Okay. Understood.

MR. LARKINS: South Street is a little bit different story. That site has more significant environmental contamination. What we anticipate advancing this year is the site remediation package. And if you recall, there was a one-year stagger between the two. Oliver was announced in '11, I believe; South was announced in '12.

So what's happening right now is environmental site testing. I actually went by there yesterday, and they're out there doing -- the site firm -- the environmental firm is out there doing borings and other work in anticipation of putting together a package to award -- for basically cleaning the site. That work alone could take anywhere between six months to a year just to remediate the site. So depending on when that happens--

SENATOR RUIZ: Then it's a two-year purchase time after that.

MR. LARKINS: Well, that two years is actually from notice to proceed to the next -- to the phase two contractor. So I would guess at least a year -- South is running at least a year behind Oliver. It could be two years.

SENATOR RUIZ: So '16-'17, '18-'19. I'm saying these numbers, and I'm almost mesmerized -- 2016.

MR. LARKINS: And let me take a step back, because I think this is important to put into--

SENATOR RUIZ: No, no, that wasn't reflective of you. I'm just saying in general. I was thinking about when I was in 5th grade. The year 2000 was a big thing. We're talking about 2016.

MR. LARKINS: I just wanted to say, generally speaking, if today we knew what school we needed to build and had a site, the turnaround from today to school opening would be anywhere between four and five years, because it's generally a year in design; generally speaking, a year is going to be spent in procurement activities because of State procurement law; and two years in construction proper. So it's generally a

four- to five-year turnaround if you know what school and you have the site. That's general.

So moving to the other project: The third project in Newark is Elliott Street. The Elliott Street site, we believe, is clean. We are in the procurement process for the contractor. That was advertised last December. The proposals are coming in -- actually, I believe they're in and are under review. So this will likely go to our Board for award in April. At our April Board meeting we will be presenting -- we anticipate presenting an award for the Elliott Street project. Same turnaround, so approximately two years from notice to proceed.

SENATOR RUIZ: Okay.

MR. LARKINS: So Elliott is on a close to similar track to Oliver.

SENATOR RUIZ: Oliver.

MR. LARKINS: Right, correct.

SENATOR RUIZ: Pending that there is no environmental remediation required on the site.

MR. LARKINS: We've advanced a package there. We're pretty comfortable that the site is clean. But it was before we arrived, so--

SENATOR RUIZ: I understand. It was before I arrived too. It actually got struck by lightening during that summer.

MR. LARKINS: Sure. So those are the three in Newark -- the three active.

SENATOR RUIZ: I thought there was a high school project in the mix as well.

MR. LARKINS: West Side was on the 2008 plan. It has not been approved as another major capital project as of yet. Having said that, we are doing emergent projects there. So right now there is an electrical upgrade. We're replacing the electrical panel at the school, which I think is going-- We tried a couple of fixes; they didn't work. I think the next one is spring break. But that's not a major -- that's an emergent project.

SENATOR RUIZ: Has the SDA done an assessment of scaffolding throughout the State of New Jersey on school buildings -- what it costs to the district on an annual basis to have that kind of stuff in place just to make things secure, as opposed to making the investment in the improvements? Because it's quite a bit of money.

SENATOR NORCROSS: You're talking the protective scaffolding to keep the bricks from falling on folks?

SENATOR RUIZ: Right. It's an expensive rental, if I'm not mistaken.

I'm just-- And this has nothing to do with SDA as it stands today. And I wasn't here when SCC was in place. It's just that we're hearing things -- for us it's two years, three years, a five-year pipeline. And I guess my frustration with government, oftentimes, is this band-aid approach. And this has nothing to do with any one of you here. We're never talking about a long-term funding mechanism for school construction. So we'll have a building that opens up in the 2016-2017 school year. By then other buildings will have -- need it. In 2015, other buildings -- or the 2016 school that we're opening.

And I don't have the answer. But I almost hope that we start thinking in a more long-term approach as to-- For everything that we put

up, it's going to need a maintenance kicker-in for -- just so that it can provide the actual facility space for our students to properly learn.

You don't have to answer. That's too big. If I had an answer for it, I would jump in and say, "You know, we could--"

SENATOR NORCROSS: Senator, if I would--

Is it true that you're having to do more emergent projects because there are less schools actually being built? Because if there was an emergent project, and they knew that school was about to be replaced, they would fudge -- "All right, we'll get through it." Now that you're building schools -- forgive me, you only built two -- or started two -- that means we have to address that issue. So you're having more emergent projects now than you might have had in the last Administration?

MR. LARKINS: Well, I think that's a difficult comparison to make because emergent projects are, generally speaking, a function of building age. So there are hundreds of school buildings, even if you're only focusing on the 31 school districts. And every year they continue to get older. So the emergent project program is not a function of not replacing schools. I think it's just a recognition that even -- that we can't replace every single building and that some of those buildings are going--

SENATOR NORCROSS: No, but on those projects that -- they're slated to get a new school. In the previous four years, there was literally, what, 75 schools that were in some phase of being constructed and now we're down to two. So everything, time wise, is pushed out four, five, six years at least. Because, quite frankly -- just to follow up and then back to Senator Ruiz -- in the last three years, you've actually started construction on two. Based on your comments a few minutes ago, none of

those projects are going to be completed by December. Which means for the entire four years of the Administration, not one new school.

MR. LARKINS: That's definitely not accurate. Again, our conversations have generally focused on the projects that have started under this Administration. But to make the record accurate, we have opened 13 new schools.

SENATOR NORCROSS: Let me back up. You told me a few minutes ago that you started construction on two schools in the last three years, correct? Maybe I heard that wrong.

MR. LARKINS: From the new capital plan, correct. But I think the--

SENATOR NORCROSS: So you started -- just give me a moment -- two new schools. You just said they take roughly two years. So they won't be finished by December.

MR. LARKINS: Correct.

SENATOR NORCROSS: Listen, let's call it what it is. In this four-year cycle, you have not started and finished one new school in New Jersey.

MR. LARKINS: I don't think that, even if we started this process when I joined the organization in 2010, that schools would be opened unless they were already in the pipeline. Because, again, remember, we have been drawing this distinction -- and I think it's not the right one to draw, but I'm willing to answer the questions that are posed to me -- between what started before and after. Because there were projects in the pipeline when we arrived. It certainly wasn't the 75. I heard you mention a number. There were projects in the pipeline, and we have completed-- And

when I say “we” I think it’s emphatic because on some of those projects -- because of change processes -- our people took over construction management in West New York, Union City.

SENATOR NORCROSS: We understand the problems they had. And you’ve done a great job on that.

MR. LARKINS: But those have been opening during this Administration.

SENATOR NORCROSS: Right.

MR. LARKINS: And even this year we are opening a new school in Elizabeth.

SENATOR NORCROSS: Your projects since you started three years ago. That’s all I was looking at. Not ones you picked up and had to fix. You had your hands full. And I believe everybody here gave you a great deal of latitude on that. “Go fix it.” We don’t want those huge change orders. Obviously you don’t have those. But as we’re moving forward, when you -- and I’ve seen you down there -- when we talk to somebody in my city who’s looking at an empty lot -- Gloucester City -- looking at empty lots and took out homes where people lived -- the frustration. They’re thinking their 5-year-old might go to school. Well, at the rate we’re going, they’re going to be out of high school before some of these projects get done. And that’s difficult on a human level, to say, “You took down four square blocks in Gloucester City--” people’s homes. It was tough to do, but they understood a new school was coming. And when you say, “By the way, not only is the school not coming, but you lost all that tax revenue that was on there. And we still don’t have a real concrete date on when

that school is going up” -- that’s the frustration. I know you understand it, but understanding it doesn’t fix it.

So what I want to ask you is, in the next 12 months, how many new schools do you expect to start construction on?

MR. LARKINS: At least 12. And if you’d like, we can go through-- I can--

SENATOR NORCROSS: Why don’t you, for everybody here -- the 12 schools you think will begin, by town?

MR. LARKINS: Sure. So the projects that -- and this is putting-- And, again, this is focusing on phase two.

SENATOR NORCROSS: I understand. Twelve is good. We had zero, zero, 2 last year, and 12. So we’re going in the right direction.

MR. LARKINS: Well, I would say we had zero, then we had zero, and 10 last year. Because, again, you can’t get to phase two without phase one.

SENATOR NORCROSS: I know. We’ll stipulate that; we’ll give it to you. Everybody here understands it. (laughter)

MR. LARKINS: So in Elizabeth, Academic High School. We have awarded that project for construction. And last year we completed a site preparation package. That will be in construction this year. That project has already been awarded to Patock Construction.

SENATOR NORCROSS: By the way, is that one of the two you said you started construction on?

MR. LARKINS: No.

SENATOR NORCROSS: These are the 12 that you just mentioned.

MR. LARKINS: So the 12 is inclusive of the 2, but there are 10 additional.

SENATOR NORCROSS: Okay. So 10 new ones.

MR. LARKINS: I will go to the additional. So the two are New Brunswick, Redshaw; and Long Branch, Catrambone.

So in addition to those, we have Elizabeth, Jersey City No. 3, which we've advertised; Jersey City No. 20, which we anticipate advertising this month, March of this year; we talked about Long Branch; we talked about New Brunswick; Newark, Oliver, which is going to our Board tomorrow; Paterson, Marshall Street, which has been advertised; Paterson No. 16, which will be advertised in the next couple of months. The site preparation is still active up there. We were just there. The construction work there is ongoing for the site package. And for all of those projects I just mentioned, we advanced site packages last year, and some of them are actually still active. Newark, Elliott; and Phillipsburg High School.

SENATOR NORCROSS: That's eight.

MR. LARKINS: Oh, I'm sorry. And there are two Bridgeton projects. I apologize.

SENATOR RICE: What was the last one?

MR. LARKINS: So Bridgeton was originally not announced. I think we talked about this last June. It was originally announced as a replacement for one of their schools. It morphed into two additional renovations after our site evaluation with the school district. So those are generally the 10.

Now, the ones that could add -- because that's a baseline--

SENATOR NORCROSS: Is this where you're going to get the Chairman -- the two Abbott districts that he has that you haven't mentioned yet? Is this where you're going to add those two? (laughter)

MR. LARKINS: I'm sorry, which--

SENATOR NORCROSS: Well, in all these, the Chairman -- who happens to have the Camden and Gloucester--

MR. LARKINS: Right.

SENATOR NORCROSS: You must have skipped over those in the ones you're going to start this year. (laughter)

MR. LARKINS: And I was about to actually add that Gloucester City is one. And, again, the timing on these is fuzzy because we're talking about the next 12 months. It's going to be close. I'm not-- I don't want to commit to these, but it will be close.

SENATOR NORCROSS: So you have Gloucester City. And what Camden one are you going to announce today?

MR. LARKINS: Camden does not have an approved capital project other than the high school, which is interesting right now, because we're still trying to work with the high school to find out what their program is going to look like, what their enrollment numbers are going to be. So that is in a bit of flux.

SENATOR NORCROSS: They have the scaffolding out front that you were speaking of.

MR. LARKINS: Keansburg is another one which is likely in the next 12.

SENATOR NORCROSS: Everybody is going to get a chance to jump on this. I was just hoping for a Camden or a Gloucester City.

MR. LARKINS: Well, Gloucester is close.

SENATOR NORCROSS: Which one are you looking at, the elementary?

MR. LARKINS: It's actually a middle; it's 4 through 8.

SENATOR NORCROSS: On the lots that we're talking about.

MR. LARKINS: Yes.

The other thing I just want to mention, which doesn't get discussed, is for West New York we've already satisfied their high school need without building a new school, which has benefited the taxpayers tremendously in terms of savings. We purchased an old parochial school in West New York. We closed on that in December, and they anticipate occupying that this upcoming September. And that is since 2010. So that is one that we satisfy without actually having to build a new school. And that's some of this alternative delivery options that we've been considering across the state as well.

SENATOR NORCROSS: Marc, I appreciate the concrete issues. And from where we started, we're at a speed that is certainly much faster. But to those parents, it's difficult.

Senator, do you have some follow-ups? Because I know you have to get back to Budget.

SENATOR RUIZ: I'm just -- and I know that you have a lot.

Through the Chair, I'm just making a request. If you could, give me a summary of Essex County projects in total.

I want to echo a sentiment that the Chairman said. You know, a lot of the communities were decimated. It's pre-SDA. Homes were purchased, community blocks were just torn down in anticipation of

buildings -- quite frankly, in anticipation of buildings that I don't know we'll ever see. That's just an honest conversation.

MR. LARKINS: Sure.

SENATOR RUIZ: It has nothing to do with anyone being responsible for it. It was never a slated -- a real slated amount that would cover all the construction projects that were talked about when the SCC was developed. I mean, that's just honesty in conversation.

Through the Chair -- and you don't have to answer now, because it's pressed for time, and I don't want to be rude to my colleagues here -- just thoughts about these empty pieces of property that belong to our students and our communities. Are there concepts for community urban farming, greenhouses, or open spaces so that in the meantime they get utilized for the public purpose of growth? We've talked about this a million times. I know that requires money. It's just frustrating to see gated areas that end up getting filled with trash and that my families have to live next to.

In addition to that is, for the SDA districts: The schools are going to be prepping for these PARCC exams that require access to infrastructure that I don't know many of our schools are equipped to have -- Wi-Fi accessibility, etc. Is the SDA working with the local school districts to ensure that our buildings will be prepared to allow our students to take those exams via electronic-based, or have you not had those discussions yet? And that's not true for the entire state, but I would suspect that you would be involved with the SDA districts.

MR. LARKINS: I don't believe that we have been pulled into those conversations yet. I mean, generally speaking, when we do work at

facilities, we do talk about technology upgrades, not specific to those exams as far as I know. But we will certainly follow up with DOE on that.

SENATOR RUIZ: Thank you very much.

Thank you, Chairman, for making an arrangement for me.

SENATOR NORCROSS: I'm glad you could join us.

The one who has all the history, who has been here from the beginning -- Senator Rice.

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

Just some follow-up: First of all, for the entire Joint Committee, you need to send something that we can read with clarity that's not complicated -- a break down of all of the locations and 12 projects that you expect to be in phase two -- that we hope to see shovels in the ground this year. But you also said there were others that could potentially be moving forward. We need to know what those are in not so small-- We get too many small prints that -- we can't read them. I'm being honest about that. Either change your technology for all the money you're all making or give it to someone else to produce it. But we like to read where it's clear, "This is Camden, and this is what it is." And I'm being serious about that. We spend \$114 million, I believe, roughly on staff, or something in that area. And we don't have any schools going in the ground. They're going through phases, and that's troubling to me with the kind of staff we have. And then we're still paying money to interagency, and contracts, and things like that. And so I'm-- I never ran an operation that big. But I think with that kind of budget and the kind of staff you have, I really think I could have had a plan of action to get more schools under construction by now in three years. I really believe that. I really believe that your problem -- and

you can't say it -- is the Governor. I just think that they put this stuff on delay. I think it's the Board many times.

Let's talk about the Board. Let's talk about the land. We have asked, on more than one occasion, for you to get back to us, collectively -- and to me as Co-Chair -- a list of all the vacant property that we have that we own under SDA, isolated by what is going to be continuously used for construction, such as the Gloucester City lots -- you said a middle school is going there -- versus lots such as Irvington -- that we took, as the Senator said, all those people's homes -- good people, long life residents who cried like babies. And we short-changed them on the payout, by the way, and relocation. We need to know what is happening with that land.

We also ask you to use your staff and your wisdom to work with the other entities and find a way that we can convey some of that land back to those municipalities that is not going to be used. I understand that the State paid for the land -- SDA did. I understand that many of the municipalities may not be able to pay for the land -- at least the amount that you would want. But regardless of how you deal with it, it's all taxpayer dollars. And so the thing is, we should be able to, as a State, convey some of that land back for projects, as long as they're meaningful projects. And maybe we shouldn't convey it until such time as someone has a project. But if it's a good project, we shouldn't be a barrier and say, "We're going to charge this crazy number, because that's what we paid." No, you ripped off people -- not you personally -- when you took their property. So just make up the differences that you ripped the people off for. I mean SDA -- SCC at the time.

And so I hope somebody is taking notes on that and not waiting for the transcripts, because the transcripts may take 30 days or so. This is something you need to go back and work on. You with that? Because I don't know who writes. I guess you all do the IT stuff now, right? (laughter)

You name a lot of schools. You still have-- I didn't hear East Orange, I didn't hear anything in Irvington, I didn't hear anything in Trenton. I know that Senator Turner and Assemblywoman Bonnie Watson Coleman-- And the Black Caucus, by the way, is calling a hearing down here, because we're tired of all the hearings and our people are not talking to us. What is happening with the high school -- the emergency problem there? Is that one of your emergents, or is it going to be a new school? What is going on there?

MR. LARKINS: So the Trenton Central High School project was announced as part of the 12 program. And the initial undertaking at the school was just to bring it up to a better state of repair. As a part of that project -- and through conversations with the school district -- they actually want us to consider a larger scope of project, which is fair. And anytime we go into a facility, my starting point is to try to understand the district's needs.

So where we are is, we're hoping to have a final scope of what the work at the high school is going to be this month. What will happen from there is, the work will need to be designed, and then it will need to be constructed. What has taken a while is trying to get a clear picture of the full scope of work that the District is looking for at the high school and making sure that that scope of work comports with the District's

educational program there at the high school. But we've been actively meeting with them. In particular, this year alone we've put together a working group comprised of SDA, DOE, and District staff. And they're working together to come up with the complete scope of work. So that project is moving along. I was a little surprised to see in the press today that there were questions about that project and where it stood, because I was actually under the impression that some of those people have been attending our working-group sessions.

The issue with Trenton, to be quite frank though, is trying to get a clear understanding of what the District wanted. The SDA, back in 2009 -- again, before I joined -- advanced to its Board a project for a brand new school. That was tabled and put on hold. And now I understand that the District is looking to have their current high school renovated. And we're certainly committed to partnering with them, and we're working with them to make sure that we deliver to the community what the community wants. So, again, we anticipate having that full scope completed and defined this month, and moving the design through this year, and hopefully getting some phase of it in the construction. Because when we met with them, I actually emphasized to them, "Look, the best method to approach that project might be to separate out the packages. So do a package that makes the building water tight, basically repair the façade, the exterior including the roof of the building, and then double back and do the work on the interior." But that working group is working -- is actually working through that scope.

SENATOR RICE: Are you talking to State representatives from that district and keeping them up to date in terms of that, or do you

feel you don't need to? And the reason I raise that-- The Governor made a statement over a year ago that he only talked with people in the Legislature who were relevant. I would like to think 120 of us are relevant. And I think that when I hear the frustration when we come in house with my colleagues in these districts, it appears as though-- First of all, they don't believe anybody at the SDA, they don't trust anybody, and they feel nothing is going to happen. They are frustrated. But the reality is, are you talking to them? And that's all these districts.

Let me say this to you. We had an Urban Hope bill passed. Assemblywoman Bonnie Watson Coleman was so frustrated when Jersey City didn't want it she said, "I'll take it." But subsequently she said, "I made a mistake. It's not what I thought it was." But that's frustration. So objectivity is not in the minds of the legislators or the people in these communities. They are reactionaries. And that's why I think the Senator is talking about expediting these projects. They've got to see that something is really happening. And so my question is: Are you talking to legislators throughout these districts? Are you keeping them up to date, or are you selective in your approach as to who you talk to, or are most of us not relevant? I mean, give me an answer.

MR. LARKINS: In Trenton specifically, at our last meeting that I attended with the representatives from the School District, all three State representatives were in attendance -- Senator Turner, Assemblyman Gusciora, and Assemblywoman Bonnie Watson Coleman. And I believe that was either in late January or early February of this year. We certainly, as an organization, try to do our best to communicate with any and all interested parties. As I sit here, I can't think of a time where I didn't turn

down a meeting but for a conflict that I may have had. So we certainly do our best to make outreach to all interested parties. But in Trenton specifically, they were at our last meeting.

SENATOR RICE: Okay. Just a couple more questions. My colleagues can wait here.

I want to talk about a little money. I know we pay in the area of \$114 million or something like that to staff. You also indicated you reduced the staff from about 300 to a little under 250. So I suspect there are about 50 who were removed for one reason or another. How much did you save in that, number one? And what happened to those dollars?

Then you indicated-- Then I want to know -- because you talked about the Governor and the bond issues. I think you mentioned something about \$8 million or something like in that area. I believe it was \$500 million and \$375. How much do we have left in our bonds that are available?

MR. LARKINS: So in terms of salaries, from 2010 through today, we believe we've saved approximately \$8 million in salaries alone with the head count reduction. The way we operate the organization and the principles that we abide by -- it's relatively simple. Every dollar that we save is another dollar that goes to a school project. So in terms of the \$8 million, that's \$8 million that the State did not pay through this program toward operations. My expectation is that \$8 million would go toward additional school projects as we move forward.

SENATOR RICE: Well, how are you keeping your records? This is operating over here. And I would suspect that that's where your employees are. And so you remove 50 people from the payroll -- you've got

a number in there for those 50 people. Is that money being transferred over the capital line? In other words, I'm trying to see-- If we're saving money -- \$8 million here, money here, money here -- where is that money right now?

MR. LARKINS: So the answer is, yes, not on a year-over-year basis. And actually it's interesting that you ask that question, Senator. Because under this Administration, we have actually, finally started developing a capital budget. That's something that the organization didn't have historically. We actually, going way back, didn't even have project budgets.

So we got to a point, before I arrived, to creating project budgets. Now we've progressed to the point where we actually develop yearly capital budgets, which project how much we anticipate spending toward our capital projects every year.

So this accounting function of having separate operating costs -- and we've generally had this operating budget. The \$8 million savings is cumulative year over year, but there is not an \$8 million entry that one can track back from one place to another. But ultimately the way that would be tracked is, you would see reduced overhead -- which you're already seeing -- and you will ultimately see more projects advance than what would have advanced under prior capital plans.

Just to give an example: In the 2008 capital plan, the organization projected only being able to advance 52 projects. We certainly believe that, right now, we will be able to touch well more than 52 projects, and we also found \$100 million to afford toward additional emergent projects. I think certainly last year when we talked, and maybe before that, the organization had exhausted its funding for emergent projects. Under

this Administration, we were able to afford another \$100 million for emergents without sacrificing future capital projects. So that's where you will ultimately see the reduction in operating expenses being spent on the capital side. But it's not a year-over-year transfer of funds from one account to another.

SENATOR RICE: I'm going to end on this so my colleagues can come in. I wasn't going to say anything else.

We are simple people, as intellectual as we are. On paper-- If I look at that budget-- If you told me you save \$100, I have to be able to see that \$100. And I have to know how that \$100 got over here. What you're telling us is by way of interpolation -- not *interpretation* -- you're a lawyer -- interpolation -- that we have savings; which, if you're laying off people, you should have. But how do we see that? Do you understand what I'm saying?

MR. LARKINS: Sure.

SENATOR RICE: This Committee -- the Joint Committee, in its totality, has a fiduciary, statutory responsibility to be able to clearly identify every dollar spent and get accountability when we want to see it. And it's your job to report to the Legislature on a regular basis as to what those dollars look like. But if someone is going to send us a nice little paragraph on how well we're doing and send some numbers over and they're so comingled that we can't really identify -- we're not going to take your word for that anymore. I'm being honest about it. And I like you. And hopefully one day I can play golf with you. You tell me you're pretty good. (laughter) But right now we want accountability. We're getting push back-- There's a lot of political rhetoric out there on both sides. There has

been for a number of years, because everybody wants to get elected for something -- either a senator, the governor, mayor, or something. I don't know. In the meanwhile, we have questions. We have to deal with people every day, and it is frustrating. So in some kind of way you need to go back and tell the accountant, who you're probably paying a lot of money to -- and the staff who is making \$160,000 up to \$195,000 -- or \$195,000 may be you. I don't think anybody makes more than you. What they should be doing is giving us a system that is very simple, and readable, and transparent. Is this stuff going up on the website?

I'm going to come back and ask some more questions when they get through. Don't leave me. I'm going to take a break for a commercial. (laughter)

MR. LARKINS: Can I respond just briefly to that point?

SENATOR RICE: Yes.

MR. LARKINS: On our website, certainly, is our year-over-year budget in actual numbers, and that's very straightforward. If you look at our past three years versus the prior three years, it would clearly show what we spent on operating expenses alone year over year. So the savings are readily apparent just in the decrease in operating expenses. All of our funding comes from one pot, so every dollar we spend comes from that same pot.

So what I'm suggesting is, the way you would understand or-- And we'll try to work on a document. I think it will be a little bit difficult. But every dollar we don't spend on operating expenses automatically goes to projects. I don't know if that complicates it, but it's money not spent

towards operating which frees it up to be spent on the capital side. We will try to send the members something that tries to explain it.

SENATOR RICE: Okay. I have to take a breather. I'll be back.

SENATOR NORCROSS: Okay. Let's just continue right around.

Assemblywoman.

ASSEMBLYWOMAN DeCROCE: Thank you.

If you'll bear with me, I'm going to go one at a time here.

Senator Rice had talked about the 12 projects, and maybe sending that to us in a better format. So possibly, maybe an Excel spreadsheet would be the easiest way for us to take a look at it so it's simple for us to look at. And make sure it's a little bigger so it's easier. I think that's a better way to handle that, if that's okay with Senator Rice.

SENATOR RICE: To me it's simple.

ASSEMBLYWOMAN DeCROCE: Okay. So there's a good answer.

My second question is-- And if you don't have the answers, you can get back to me and the members. One of my questions is: The companies that are doing the school construction work -- are they New Jersey-based companies?

MR. LARKINS: I believe the majority are, but we do not exclude. So some are definitely out of state.

ASSEMBLYWOMAN DeCROCE: Okay. The third question is: You talked about emergent projects and the school boards not getting the projects-- I think you used roofing -- a new roof as an example. And it's

taking them a longer amount of time to get that completed than, say, if you did it yourself out of the SDA. Do you put a timetable into the agreement when you allow them to handle the projects?

MR. LARKINS: We ordinarily do not because each project is different. And there may be complications with, for instance, one roof project versus a different roof project. So we ordinarily do not tell them that they have to complete it within a certain amount of time.

ASSEMBLYWOMAN DeCROCE: Well, I will say this: I did run a roofing company for 21 years, and I think you can put a timetable on that. And I think that's something maybe you should look at -- is putting timetables in. And if, in fact, a school district feels that they cannot handle that timetable, then they shouldn't do it. It should go back to the SDA to do it. And then you implement it and do it. I think that may help to shorten the projects and get them done in a quicker fashion for the benefit of the school districts and the children. So that's something maybe you could take a look at.

Let's see, going along here-- Number three: Do you give any incentives to the contractors to get a project done early? I know that you said that one contractor, on one of the projects, felt that he was going to have the project done sooner than he had anticipated. I know in the DOT -- Department of Transportation -- there are incentives for road projects to be completed earlier than projected. Is that any case with the SDA?

MR. LARKINS: We do have the flexibility to do that in our regulations. We, historically, have not done that. We've shied away from doing that because of the idea of fiscal accountability. Having said that, we also encountered some problems with our demonstration projects where we

included a shared savings clause, which was a little bit different -- not so much focused on time, more on coming in under budget. Having said that, we certainly will look at that and see if that's something that's palatable. I think one of the main issues there is making sure that the public -- that we're transparent and that the public is supportive of us paying contractors more to do it faster than what we think it should take.

ASSEMBLYWOMAN DeCROCE: And I understand that. And I would think in the economy that we have today, contractors are a lot more available. So I don't see why they should drag their feet. Maybe you could push them a little harder in that kind of direction.

Another thing: If you could supply me -- I don't know if you have the information now -- the overall projects in the State of New Jersey -- urban projects versus suburban projects. I'd like to have a number count on that if you don't mind.

Also, the Senator -- Senator Rice had talked about Irvington. And as you are aware, when I was at DCA I did meet with the SDA talking about the properties in Irvington that were vacant. And we did talk in detail about it. And some of the areas that I understood it to be a problem were in the bonding -- the bonding of the moneys to purchase the properties initially. So I would hope that the SDA, in conjunction with the Administration, is taking a look at that area, because that was an area of concern. Because there could be penalties against the State because of the bonding. So if you could give us a report on that, I would appreciate that.

And last: If I could have the number of projects that were started in 2006 and completed by 2010, I would appreciate that.

Thank you.

SENATOR NORCROSS: Thank you.

Assemblyman.

ASSEMBLYMAN WIMBERLY: Thank you, Mr. Chairman.

Marc, a couple of follow-up questions from our meeting in January in Paterson. I know Assemblyman Caputo requested a review of all of the buildings in Paterson as far as safety and, I guess, construction needs or repair needs. Has that been forwarded yet? I haven't received it.

MR. LARKINS: Assemblyman, when you say Assemblyman Caputo requested--

ASSEMBLYMAN WIMBERLY: That was one of the requests at the January meeting.

MR. LARKINS: Was that through DOE or-- I'm sorry, the January--

ASSEMBLYMAN WIMBERLY: I'm sorry. I guess you had a representative there at the meeting in January. We had a meeting in Paterson at International High School, and some of the concerns came up. I guess that was one of the questions -- was to give a follow-up on the construction needs or the updated requests for the City of Paterson.

MR. LARKINS: Assemblyman, what I will do is I will endeavor to make sure I check with staff and consult with DOE just to make sure that that didn't slip through the cracks. But as far as -- as I sit here, I'm not aware of a review of--

ASSEMBLYMAN WIMBERLY: I know you weren't there, but I believe you had a representative there. I'm not sure exactly who was there -- if they're here this morning.

MR. LARKINS: I'm sorry, if you could just give me one second, please, Assemblyman.

ASSEMBLYMAN WIMBERLY: Yes.

MR. LARKINS: I think I-- Can I try to frame what I think I understand the request was?

ASSEMBLYMAN WIMBERLY: Yes.

MR. LARKINS: And if that's not it, we'll try to get you whatever information you're seeking.

So as has just been explained to me, the request was for a copy of the report that was prepared by the working group that went up and met with the District in terms of scoping future projects.

ASSEMBLYMAN WIMBERLY: Yes, because there was an issue with the Dr. Frank Napier School that was flooded. And then I guess there was a major article in the paper in reference to the sanctions or the problems that exist in that building. But it was addressed to us then that that article, I guess, was not up-to-date, because those things had been addressed already. So now we're talking about, I guess, other issues throughout the other buildings also, overall, in our report.

MR. LARKINS: What I will endeavor to do, Assemblyman, is to get you the report from our working group; to touch base with the Superintendent and find out if they have anything else; and then to contact you and, through the Chair, get you whatever information we certainly have on hand. And to the extent that we don't have it, we will make sure we compile it and try to get it to you as quickly as we can.

The only report that I'm aware of-- And when I say *report*, it's not something formal that's produced. But when we have a working group

with a district, we generally -- and particularly in Paterson -- we will focus on certain schools. But sometimes we will visit and tour more schools just to understand the state of the district. And sometimes that gets generated into a summary sheet. But let me see exactly what we have, and we'll make sure we get you what we have.

What I will offer today is, I doubt that our staff has visited every school building or assessed every school building in Paterson, just because of the sheer number of buildings. But I certainly will consult with them and make sure that we get you whatever we have. And, again, to the extent that we don't have it or haven't done it, we can certainly get that done.

ASSEMBLYMAN WIMBERLY: And, obviously, one of the main concerns would be the Dr. Frank Napier School -- obviously with the issue of the flooding. I guess the mold-- And on top of that, I guess before the flooding there was even a fire there. So the school has been closed on two different occasions within the last two years that kept the children out of the school. And obviously with the mold being a major issue-- And I guess that was a major concern, obviously, of a lot of the staff -- you know, with mold, and asthma issues, and breathing issues -- that that was addressed. And I know there haven't been any follow-ups either in the newspaper -- or whoever did the investigative report on it. So hopefully it's been addressed and your staff has been out to look at that building.

MR. LARKINS: Sure. And I just want to make sure that we have touched that building. Because in a lot of instances, a district will deal with certain things themselves. I actually think that that project may not be one of ours, but I will certainly double check and make sure. If it is,

again, we will get you whatever we have. Even if it's not, we'll work with the District to make sure that we get you--

ASSEMBLYMAN WIMBERLY: That would be more of a concern-- Even if it's not, I think that's something you should step in on. And, obviously, I think you're familiar with that building -- that site -- and the issues that it has faced, particularly the flooding. I mean, I believe at one point it had almost six feet of water inside of the first level and lower level of that building. And now the building is back up and operating. It was closed for a year.

ASSEMBLYWOMAN SUMTER: Half-a-year.

ASSEMBLYMAN WIMBERLY: Half-a-year. So to go back in, that should be a major thing that you should address, not just the local district.

We talked about International High School. And me and you have had this conversation. Where are we at with this atrium issue? I'll give you two at once: The second issue is the fire code issue.

MR. LARKINS: Sure. And they are actually combined. So I believe that we thought we had a fix. And the issue-- When we say, "thought we had a fix," what ultimately has to happen is, DCA proper does not actually do the inspection. They have another independent company that will actually come in that specializes in these issues -- will come in and do an inspection. And if we pass, we're good. If we don't, we have to keep working on it. So what we're doing now is advancing another -- some more work to the atrium, and I think it's specific to the smoke evacuation control system -- trying to make sure that that system works the way it was designed to work -- or intended to work is probably a better way to put it.

We're doing that-- We're planning to do that work in off-hours. We're hoping to have that resolved and wrapped up by the summertime. But, again, it's all dependent on whether or not that work fixes the problems that have been identified by that independent testing firm.

ASSEMBLYMAN WIMBERLY: And obviously it's a concern because of the length of time it has been going on. And I don't want to throw out a random number, but what is the cost to the District per year for the situation with the fire marshal?

MR. LARKINS: So from 2008, when the school was opened, through last December, the SDA -- I don't believe there is a cost to the School District -- the SDA has spent \$331,700 in fire watch services. And the reason we have to have the fire watch is because the school cannot be opened without the fire watch because of the problems with the system. And this just goes back to what I was talking about earlier. Although schools are open, if they still have lingering problems, we now have to go in and try to fix problems that we inherited. And we certainly are aggressive in trying to do that. But that number is-- It's reprehensible.

ASSEMBLYMAN WIMBERLY: And that's obviously a concern. With so many other capital projects that need to be addressed in our District, that we're spending half-a-million dollars on fire marshal-- So hopefully this will be addressed and this doesn't continue.

MR. LARKINS: And that's our hope. And this is part of why -- when we say moving forward smartly and deliberately -- it's important to make sure that we're delivering buildings that are going to be open, and open right. As you probably know, Paterson International is not the only

school where we're having this problem. We actually had the problem at P.S. No. 3 in West New York. Because we inherited it during construction, we were able to fix it before it was opened. We also have the problem at Science High in Newark. So these issues at some of these buildings with atriums are lingering problems that we're still endeavoring to fix. We haven't gotten them all resolved. But we're working hard to try to get them wrapped up. So our hope is that this issue will be resolved this summer.

ASSEMBLYMAN WIMBERLY: Okay. You mentioned Marshall Street as the number two project in Paterson, and School No. 16. What is the third project in the City of Paterson?

MR. LARKINS: So right now that project is, what we call, *undefined*. The way we advance the program is--

ASSEMBLYMAN WIMBERLY: That's not real comforting.
(laughter)

MR. LARKINS: Well, the reason it's undefined-- It's not the SDA's issue. The last thing we want to do is go to a school district and tell them where we're building them a school. We will do it if we have to. But the more ideal thing is to partner with the school district, understand their catchment areas, deliver them the right school in the area where they need it. The District, and SDA, and DOE are working together to identify where the next right project is. We know that there is overcrowding. The issue really is, for Paterson, where is the right place to deliver the next school. It might be a new school, it might be Add/Reno to another school. But that's what our working group actually looks to define. Again, we don't want to show up and say, "Hey, we're building you another school up north, and you figure out how to make it work."

ASSEMBLYMAN WIMBERLY: So you haven't been in conversation with the School District-- You have been?

MR. LARKINS: We have, and they are offering certain options that they'd like us to consider. My last conversation -- which, granted, was not a very lengthy one -- was that the Superintendent was going to get back to us. And Chris Sapara-Grant and the Superintendent were considering asking us to look at a property where there is currently a factory. It was a very short conversation. I asked them to really finalize what they'd like the group to consider and present it to the working group. But this is a dynamic conversation. Again, we really rely heavily on the School District to inform us where they best -- where they think is the best site for their new project. So we're committed to the project. What they've been focused heavily on -- in fairness to them -- is trying to make sure Marshall and P.S. 16 get completed. But they are turning their attention to where that next project is going to be.

ASSEMBLYMAN WIMBERLY: Great. Thank you.

SENATOR NORCROSS: You know, sometimes when you don't hear about a project you assume it was finished. (laughter) You still have a fire marshal, huh?

SENATOR RICE: I like the *undefined*.

SENATOR NORCROSS: Wow.

ASSEMBLYMAN WIMBERLY: It's \$330,000.

SENATOR NORCROSS: You can't make this up.

Assemblywoman, if you would.

ASSEMBLYWOMAN SUMTER: Thank you, Senator, for allowing me to sit in on the Committee.

Through the Chair, a couple of different questions. If I could follow up--

Well, first, let me state that a four- to five-year timeframe, because of procurement processes-- I think there is a cost when you take money from the budget for staff and put it back in the budget for projects that may not be happening -- where staff can't get to the projects, so we're not moving them through. So there is a consequence for that.

I'm in the private sector. And I struggle with this whole element of, "We've created efficiencies to a budget, but we haven't spent the money. We've cut jobs, and we can't get the work done because our folks are overwhelmed." So these projects seem to be in a perpetual space of limbo. And it's frustrating because we've done the early work, but then we got stopped dead in the middle, and the money is there. The money is there. So that's just my frustration that I need to air.

I'm also curious if there is any-- Do you keep track of -- or is there some way I can find out -- I'm not sure if this was the question you were asking -- of grant applications. So if my District put in a grant application for an auditorium to be fixed -- because I know in one of the schools -- my elementary school, School 21-- I actually did a program there. The wall is falling apart around them. But it wasn't in the facilities plan. And I was told -- the answer I got -- and I have a picture of it as well -- was, "We don't know what the problem is. They're working on a roofing internal issue." So is there any tracking of projects that are in the pipeline or requests that have not been granted?

MR. LARKINS: Just so I understand the question, specific to emergent projects?

ASSEMBLYWOMAN SUMTER: Emergent projects.

MR. LARKINS: Yes. So in 2011, when we did a review of our emergent project program, we encouraged all of the 31 districts to send us any and all emergent project requests that they had. Through that process, we received 723 reported conditions. And sometimes conditions get combined into a project, sometimes they stay separated out. Of that 723, we sent each school district a letter identifying each potential project and what our -- when I say *our*, SDA and DOE, because technically the law makes it a DOE decision, but we certainly are supportive of that -- sent a letter to each district with the conclusion of where the project -- whether the project qualified for emergent funding.

And to just give you an idea, there were a couple of categories. There was a category for routine maintenance. So in some instances we told the district, "No, it's something that you have to deal with." There was another category for potential, future capital maintenance project because it was more of an improvement, not really a repair. And then there was, obviously, the emergent projects that were approved. So we do have copies of each of those letters which were sent back to each superintendent's office with the conclusions of our review of the requests.

ASSEMBLYWOMAN SUMTER: Can you send me a copy for my District specifically?

MR. LARKINS: Yes.

And through the Chair, if it makes sense, Mr. Chair, we can send a copy of all 31. But we'll certainly send -- we'll parse out the ones that we think are appropriate to the members' districts.

SENATOR NORCROSS: Certainly.

ASSEMBLYWOMAN SUMTER: Great.

And my other question would be: Are there any urban garden initiatives for the City of Paterson?

MR. LARKINS: Not that I'm aware of. We do have one in Newark which is launching.

ASSEMBLYWOMAN SUMTER: Right.

MR. LARKINS: And we certainly consider them in any district where we own property. To be honest, I'm not sure that we have vacant property in Paterson. I could be wrong, but I don't think we do. But to the extent that we do, and there is an inquiry, we're willing to consider it. But as I sit here, I don't think that we have vacant property in Paterson.

ASSEMBLYWOMAN SUMTER: So my -- our superintendents can -- since we have all this money just sitting there -- they can put in a request for you to purchase some property to create an urban garden?

MR. LARKINS: No. (laughter) No, I'm sorry. I don't want to--

SENATOR NORCROSS: I wanted to see if he bit on that one. (laughter)

ASSEMBLYWOMAN SUMTER: If you don't ask, you don't know. (laughter)

MR. LARKINS: And we actually-- And just to be fair, we don't spend any State money toward the functioning of the garden. We just make the site available because it's not otherwise being used. But no, we can't do that. (laughter)

ASSEMBLYWOMAN SUMTER: And my last question, through the Chair, is, following-up on Senator Ruiz's comments on making sure that the facilities that we build -- as we look at the two schools and the unidentified project in Paterson -- that it has Wi-Fi capacity and that, of course, we're meeting the needs for the school to last another hundred years. Because our buildings are 150 years old. And just with the International site -- which I actually used to live in the housing projects growing up that is now the International site -- we just need to make sure that we're doing everything in compliance so that we're ready for a future generation of global learning.

MR. LARKINS: And on that school we will do everything that we can to make sure that the buildings are technologically up-to-date. What we ordinarily deliver though is something consistent with the district's technology platform. So some districts have a Mac platform, some have a PC platform. We try to make whatever the technology improvements -- or new technology for a school -- consistent with what the district is used to using. But we'll certainly work with the Superintendent's office to make sure we focus on that.

And as far as the urban gardening initiative, we will review our project portfolio and, to the extent that we have any vacant property in Paterson, report back and see if there is an entity that's willing to initiate that type of project in the City.

ASSEMBLYWOMAN SUMTER: I definitely can assist you with that. We have tons of properties available.

Thanks.

SENATOR NORCROSS: Thank you, Assemblywoman.

Just real briefly, before I turn it back over to Senator Rice -- constructability review. You've gone to, I guess, to active ones -- or that have gone through for those two schools that have started construction.

MR. LARKINS: Well, one did go through that process. Our design-build projects actually do not go through the constructability review process.

SENATOR NORCROSS: So one of the two projects is a design-build?

MR. LARKINS: Yes, New Brunswick is design-build, the other is bid-build.

SENATOR NORCROSS: Okay. So they're doing it themselves, in-house.

MR. LARKINS: Yes.

SENATOR NORCROSS: Anybody in the design review would do it.

So how did the first one go?

MR. LARKINS: It actually went well. It took about the time that we thought it was going to take, which I believe was about six weeks. Through the process we identified less than \$108,000 in problems, that were resolved. There were some recommendations that we considered. But overall we think it was a success. Ultimately, the thing I think will benefit the State most is at the end of that process, the contractor signed a certification that they had this opportunity to do it and that anything they missed during that process will not result in a change order to the State. So overall we think it's successful. But in that instance, we believe-- Obviously we had good staff, and we think we had a good contractor. We'll see how it

plays out in other projects. We're actually going through another one right now on the Elizabeth Academic High School. And the process is going smoothly so far, as well.

SENATOR NORCROSS: Obviously we want to address the change orders. Certainly they needed to be.

So you had \$107,000. Of those, was the architect or engineer -- were there any omissions on their part? Who ended up footing the cost for that?

MR. LARKINS: So what we try to do is to level the playing field so that if there are any issues that we would have had to pay for anyway -- so, for instance, an omission. Generally speaking, the State would incur the cost because it was something that should have been included but wasn't. But it didn't cost us more because it's on the front end of construction. In the instances where there were errors and it needed additional design work, the design firms picked it up on their own without cost. But through that process on that first project, the documents were pretty clean. So there weren't any major or significant issues that were identified through that process. But each individual issue is analyzed separately to determine whether or not we want to pass the cost back to the design firm or whether or not it's something the State would have had to pay for anyway.

SENATOR NORCROSS: Was that all done in-house, or were you using outside CAMs to help, I guess, referee that process?

MR. LARKINS: So on Long Branch we had both. We had internal staff involved, and we had an external construction management

firm, GREYHAWK. They are overseeing the construction for us on that project, so they were also involved in the constructability review.

SENATOR NORCROSS: So you, as an organization, are comfortable enough with what you went through on the first one -- some minor changes -- that you're going to continue this process?

MR. LARKINS: Yes. We didn't run into any major kinks or major issues that led us to believe the process itself was flawed. I think we'll learn from each one, and we may tweak the process. But right now our intention is to continue to use it.

SENATOR NORCROSS: Roughly, how many million was the project, ball park?

MR. LARKINS: I believe the award was around \$30 million.

SENATOR NORCROSS: So \$30 million, and you've identified just \$100,000, which is remarkable compared to where we were four years ago with the change orders.

MR. LARKINS: When I hear you say "remarkable" I'm certainly not comparing today's process to what we did before, because it didn't exist. We didn't use constructability review in the past.

SENATOR NORCROSS: Right. You paid the extras.

MR. LARKINS: But the issue was not only paying the extras, it was the delays caused by the extras being found during construction. So now it's found at the front end. So those should not delay the project in construction. We think it's certainly more beneficial to identify it before they break ground than during, because then -- I shouldn't say obviously -- but then that's when stalls happen, that's when delays happen, other issues arise.

SENATOR NORCROSS: What was the feedback you got from the GCs? Because they're going for the low bid to make it to the second round, so to speak -- constructability. Do you think that impacted the price the first round when they came in?

MR. LARKINS: I do not. I actually think that that was negligible in terms of the amount of changes.

In terms of the feedback, really only the awarded contractor was involved, and that was Terminal. And the feedback we've gotten from Terminal thus far is that the process went smoothly.

Having said that, I don't know what to expect on a go-forward basis, because they're the only contractor so far that has been intimately involved in the process.

SENATOR NORCROSS: And you went to bid with 100 percent construction documents, correct?

MR. LARKINS: We did.

SENATOR NORCROSS: Which makes all the difference in the world.

Thank you, Marc.

I'll turn it over to my colleague, Senator Rice.

SENATOR RICE: Thank you, Mr. Chairman.

Marc, let's go back to a couple of issues. Number one: I never got clarity on the amount of bonds still available. What is that number?

MR. LARKINS: Senator, I believe, to date, that we've spent about \$9 billion of the \$12.5 billion that was afforded the program. And those numbers are broken down into categories. So there is still about \$450

million remaining for the ROD grants. There is a little -- or approximately \$2.7 billion remaining for the SDA districts, somewhere around there.

SENATOR RICE: A little under \$4 billion.

MR. LARKINS: Yes, closer to \$3.5 billion. I think that's right. I have the exact numbers here, Senator.

SENATOR RICE: Okay.

MR. LARKINS: So, Senator, the total expenditures as of February 1, 2013, is \$8.685 billion. But there is another \$300 million or so that's committed. So it's roughly \$9 billion, I would say, has been spent. Although about \$300 million of that is yet to be paid out.

SENATOR RICE: Okay. Let's go to an issue that the State never likes to talk about. Let me be very clear. Certainly you can understand -- I don't expect the Governor to understand, or maybe other folks who think the way he thinks -- about the 47 percent in this country.

We're still on this ride for women and minorities about economic justice. Let me give you some history maybe you didn't pick up in the schools coming up. And maybe you did, but maybe you didn't understand it. The history of African-American slaves was in 1619. But the whole movement of African-Americans in this country -- before slavery -- they were free people. Then after that there was this whole rush for abolition, for freedom, to be considered people. And that was a struggle. Then we move into this whole arena of being freed but didn't have any equal rights, didn't have any equal opportunities. And so that whole movement from that period -- from share cropping, moving into the '50s, '60s -- was about equal opportunities and economic justice for all people, which really married itself to women's suffrage going back.

But today we always say that we're free people, and we're free to go to integrated schools, sit at lunch counters now, go to movies and sit where we want, even become President; but we still don't have equal opportunities. That's this debate we're having now about minimum wage and all this stuff that doesn't make any sense -- and women's rights, and women in office.

Can you explain to me how we're doing with women and minorities in these contract situations? I know Terminal Construction. They're related to Prismatic. I can give them all to you -- Century 21. I know the good and the bad. And a lot of them have some shaky records, and some projects they do good. But when it comes to working with minorities, they have always resisted that -- even in the public housing projects -- when Section 4 of the clause says that there would be some opportunities where feasible. So how are we doing with women and minorities? How are we doing-- And when I say *minorities*, I'm talking about all minorities. But it became clear that I have to be specific. How are we doing with some black folks and other minorities, and women? Because when we say *minorities* -- and we fought and struggled for minorities -- we started with predominantly blacks in that struggle -- everybody benefited. But now we say *minorities*, and it seems like everybody is participating -- not at a great level. But we're just not there. What are you doing and how are you making this happen? Is it through contractual clauses, or is it through another means?

MR. LARKINS: Senator, we view the issues related to small businesses, including women- and minority-owned businesses, in two different areas. One is minority, women, and small businesses. And then

the other issue is minority and women in the trades -- working on the jobs. I'll talk for a moment about the business side, and ownership, and involvement in our program.

So one issue that we struggle with, internally, is-- We do a good job at the SDA in terms of our awards to small businesses. And we have, I believe, pretty consistently met the State goal of 25 percent. And we have a good pool of small businesses. I believe 60 percent of all our prequalified firms are small businesses.

The issue that we have when you go to that next level of race and gender is, we have-- Only about 5 percent of our prequalified firms are minority business enterprises. And just a little bit more -- about 5.5 percent or so, around there -- are women-owned businesses. So our first goal is, obviously, to try to increase the pool, because you can't do work with the SDA if you're not prequalified. And I believe those numbers break out to right around 100 of each. So we have 100 prequalified minority firms, we have 100 prequalified women firms. So we have to figure out how to increase that pool.

One way that we're attacking that is through our in-house program. I mentioned earlier that we've now run two successful programs that have graduated 28 candidates. We have one ongoing now that has another 17. Now, that's not focused solely on minorities and women. It's inclusive of all small businesses. But I think we do a very good job of recruiting minorities and women to participate in that program.

What we've also attempted to do is, through our State representatives, try to increase our recruiting efforts. So to the extent that the members here, or any of the other members in the Legislature, have

access to programs or contacts in their districts -- that they can send us to try to increase our involvement in our in-house program, we certainly are receptive. And we look for that, and we will continue to send out announcements to all of the members when we're offering the program. As I said, we have one ongoing now. We may not run another one until later this year or early next year.

In terms of that next step, once you get them prequalified, we really can't control -- to that level, in terms of minority and women -- the contracts. What we do is run a small-business set-aside. So some of our emergent projects get set aside for SBEs generally. So we're hopeful to increase our involvement there as well.

On the other side of the house -- actual on-site laborers, people actually doing the work -- I consistently get asked when I visit communities, "How can we make sure that more people from our communities, more people from the SDA communities are involved in projects in the SDA districts?" And what we try to do is to work with our unions, because most of our major projects are PLA projects, to make sure they have the requisite number. And then we -- as you mentioned, through our contracts with the GCs, we include our goals.

We've done more legal research. We keep getting advised that we can't force certain types of hiring that would be inconsistent with State law. So we certainly don't want to do that. But what we do on the side -- which I don't think runs afoul of State law -- is to be supportive of community groups. So, for instance, last week Jason and myself attended an OSHA graduation for several students. That was done by the West Ward Community Development Corporation -- I believe it's called -- in

Newark. And a good number of students there from the community received OSHA certificates. What I offered to that group -- and that offer stands to pretty much any group -- is that we now do a lot more work in-house at SDA. We do a lot more design work, we do a lot more construction management. We are more active owners in our projects. So to the extent that we can get people access to our sites -- whether it's on an internship basis, whether it's just on a tour, a visit -- to get them involved and engaged in what we do, we certainly offer that. And we want to partner with groups to make that happen. Unfortunately, what we can't do is force contractors to hire certain people. That's just above and beyond our control. But we want to do whatever we can to make sure that people are getting work.

SENATOR RICE: Let me ask you a question. Are you familiar with Executive Order 151 that was signed by Jon Corzine subsequent to him leaving, knowing that Governor Christie was coming in -- (indiscernible) indication, we thought that he was not going to be as concerned about women and minority participation. And that seems to me to be -- our concerns may be justified based on our observation. And I'm talking about those of us who are civil rights leaders and those of us in the African-American and minority community. And so what we did was, we fast-tracked Executive Order 151 into Public Law 335. Are you aware of that? Are you using that? Because in that, what's supposed to happen is -- if you read the law-- It's still law, we have not changed it. The Governor tried to get around it. And we're going to fight that publicly, eventually by way of legislation. When he abolished the Division of Minority and Women business development, that was the nucleus to make sure that the

data was collected from all these contractors, from all the agencies, to ensure that women and minorities were participants in jobs and the awarding of contracts. The document also said that every contractor, and developer, and subcontractor had to be sent a language to be used in contracts. I don't know if you're aware of that. Maybe your research people didn't read it thorough enough. If you need, I'll read it for you and bring it to you. It also said -- and we worked hard on this, as women, as Latinos, and African-Americans, with the Governor to make this happen. This wasn't a play thing. And it also said that we have to post that stuff. It also indicated that when there are violations with these subcontractors and others as it relates to the good-faith effort, they're to be penalized and things of that magnitude. So you have a lot more stick than maybe you think if you read that. The question is whether or not the Governor wants to enforce the law as it is. I hope it's not one we have to challenge him in court again on.

But the SDA was supposed to be, after the disparities studies, our real success story and our real point. Because after GEOD Corporation -- four white guys who claim that affirmative action was bad -- who were never harmed-- And then Peter Harvey decided, rather than challenging him in court -- because I don't think McGreevey wanted minorities and women to have much business either, for political reasons -- they did a consent decree. They never had standing. They were never even harmed as far as I'm concerned. They drew bid. So as a result of that, we got sucked into this SBE stuff. SBE doesn't do anything for women and minorities because they're still bidding against the old "white boy" network -- no

disrespect -- he's not the old white boy, he's from down south, a southern boy -- network, which means that they're still not getting work.

Is that in effect, or you just kind of read it and just used aspects of it and don't take it seriously? I'm talking about your agency, not you personally. Or you're not aware of it. If you're not aware of it, we'll get you a copy of it.

MR. LARKINS: I would certainly love to receive a copy. I believe we are aware of it. And we certainly take all laws seriously, Senator. And that's why we are very careful and seek advice from the AG's Office before we do anything that we think might be afoul of the law. As I understand it, our contractual language has been reviewed, and it is consistent with the Executive Order. Again, that's the advice that we have received. The issue, I think -- which is one that you point out, and it's well taken -- is in the enforcement. What we have done is, we still have staff in the organization that focus on workforce compliance, that visit our sites to ensure that our contractors are meeting the agreed upon goals that they sign in their contracts. To the extent that they are not, you're right, we do have the authority to take certain measures. We believe that we are not in violation on any of our project sites. If there are individuals with information, I'd love to have them share that with me. Because ultimately, again, our goal is to make sure we're enforcing the laws.

But as it stands today, the advice we've received is that our contracts are consistent with the Executive Order, and certainly incorporate this idea of a good-faith effort to make sure they meet State goals. But, again, if there are ways we can improve as an organization, I'm committed to that. So if there are other ideas or thoughts that any of the members or

any members of the public have about the way we can improve upon this, I'm certainly willing to hear it.

SENATOR RICE: The Chairman is back now, so I appreciate it.

We'll have some side-bar conversation, some brotherly love conversation about this. Because the Legislative Black Caucus, in our totality working with our national NBCSL -- and Virginia and Massachusetts -- everybody needs to understand this -- we're taking this whole economic justice piece seriously. Over \$60 billion comes in up here with FEMA. AshBritt is getting everything. Whether you're minority or not, it looks like we're not getting the work. Our guys are in the union halls and other folks on the streets are gang banging. We've got to take it seriously.

We're going to be pushing legislation and asking our nonminority colleagues who understand the history of fairness and equal opportunities to support legislation. But in the interim, the law is what it is. And Crosson -- that we fight. Because Crosson dealt with the Senate side. Crosson is a bad piece of legislation in terms of where we were. But we're not paying attention to Crosson, because it's beneficial too. Crosson says, in a state like New Jersey where GEOD comes and takes you out -- even though GEOD is wrong, in our opinion -- that they'll do strict scrutiny. And if you have an entity that is able, willing, and ready, and they're not performing with these contractors -- not getting sufficient work - - then that's grounds for a suit for discrimination.

And so I think that your agency-- I don't know if you have a person who deals with equal opportunity in the agency who understands

the laws, who's constantly reading the laws, constantly researching the laws, constantly saying, "Governor, I know you don't want this to happen for whatever political reason, but it's the law. You have to help those brothers and sisters out there, and the women out there, etc." Then I think that he, as an Administration, is not doing them justice.

Maybe that's not the case with you, but we're going to find out with everybody. So we'll have a conversation later regarding this. In the meantime, Public Law 335 is what it is. And if you go back and review Public Law 313 -- set the Division up. The Governor took the Division out, but somebody is still supposed to be responsible for what it says in that.

And the final thing about that law-- It says that the State -- and the State did -- had to set up forms and send to all the agencies to comply and get back to this databank -- that they took out. But it also said that the DO office -- which they eliminated everything to help us -- this Governor eliminated -- is supposed to work in collaboration with the Federal government and our Labor Department for compliance and stuff like that. And that's why I don't think enough is happening. I think you can get more bang out of a buck there if you look at the law. But we're going to talk. Maybe I have to take you golfing down in South Jersey. I think they have some good golf courses there.

Thank you.

SENATOR NORCROSS: Marc, we certainly appreciate you coming. We've learned several things. Having started off with an organization that was in desperate need of some new measures and internal controls your first year -- was there -- second year a little slow, then you went to two, and now your announcing between 10 and 12, which I

absolutely applaud, along with the emergent programs that you're going to focus on. The building trades, as Senator Rice has indicated, have massive unemployment. So they had the preapprentice programs. But quite frankly, up 60 percent -- are unemployed now. But I do also applaud the fact that the State is -- Helmets to Hard Hats -- helping our veterans who are returning home, which is certainly important to everybody up here. So, once again, we look forward to you coming back and testifying before us.

Thank you.

MR. LARKINS: Thank you, Mr. Chairman, Senator Rice, all the other members of the Committee. It was my pleasure.

SENATOR NORCROSS: We appreciate it.

Next on our list is Mo Kinberg, from the New Jersey Work Environmental Council, the Healthy Schools Now! campaign.

Welcome.

MORIAH KINBERG: Thank you.

Good afternoon. Thank you for having this very thorough hearing. We really appreciate all the questions that you guys asked to Marc Larkins and the representatives of the SDA. So thank you.

I'm Mo Kinberg. I am the Campaign Organizer of New Jersey Work Environment Council, and I coordinate the Healthy Schools Now! campaign. The campaign includes organizations like Save Our Schools New Jersey, Statewide Education Organizing Committee, the Ironbound Community Corporation, Abbott Leadership Institute, Better Plan for Trenton High School, and many more organizations that are listed on the testimony that you guys should all have.

We came together because our organizations are concerned about deplorable conditions that our students, teachers, and schools staff are forced to learn and work in. Today I'm joined by Taiwanda Terry-Wilson from the Better Plan for Trenton High School.

Over the last six months, the Healthy Schools Now! campaign partners have met with parents, educators, students, superintendents, and facility directors to discuss the health and safety issues in their schools. We've heard stories of water coming through the walls of classrooms, falling bricks, piecemeal projects, and endless site visits. People are frustrated.

In Newark we heard about Newark Vocational School where the very brick siding that was on the list of emergent repairs started to come down during Hurricane Sandy. And we heard about Barringer High School where, just after the Newtown shooting, the SDA decided to downsize its door replacement project, deciding that a magnetic locking mechanism was sufficient rather than installing alarms.

In Camden we heard about Pyne Poynt Middle School, where the District received a citation from the fire department because the stairwell was rusted and fallen. The SDA is going to replace the stairs but not the underlying condition causing the problem -- moisture in the crawlspace caused by flooding.

And in Trenton we heard about Trenton High School, which has lots of hazards including a leaking roof and 500 broken windows. These projects aren't estimated to get started until 2017.

It's taken the SDA two years to address emergent repairs defined by the Department of Education as "so potentially hazardous that it causes an imminent peril to the health and safety of students and staff."

When the list of emergent repairs was released last spring, we honestly thought that the SDA would use the summer months to complete these projects. Nearly a year later, according to the SDA's website, only two emergent repair projects are in construction, and 35 were delegated back to the districts.

The Healthy Schools Now! campaign has met with representatives of the Schools Development Authority to discuss specific projects and try to better understand their process. We appreciate that representatives of the SDA have taken time to meet with us. Over the last few months we've developed a set of recommendations for the SDA. These are: timelines for completing projects -- which has been discussed today, and we appreciate that; for them to publish a proposed timeline; for them to utilize the \$3.5 billion in school facility bonds to repair and build new schools. The SDA is under the impression that they need to stretch these funds for as long as possible because it may be the last money that the Legislature approves.

Considering the scope of work needed to fulfill the State's mandate to ameliorate the severely deficient condition and quality of school buildings in low-wealth neighborhoods, the SDA, the Legislature, and the Governor must work together to make sure the SDA fulfills its mandate.

We also think they need to work on better transparent communications with districts and communities. The design process should include stakeholders including teachers, parents, building administrators, union representatives, and staff. Stakeholders should all receive the same information and continue to be involved in the entire school building process from design and site selection, through completion and occupancy.

We also think there should be an established appeals process. Right now, if a school is not on the list, and a district feels that it should be on the list of capital projects, the only way for them to appeal that is through the courts. There should be another way.

We submitted these recommendations to the SDA in January. Although I've heard back from them that we will receive a written response, to date we have not. We urge the Committee to support these recommendations to SDA.

Thank you again for the opportunity to testify.

SENATOR NORCROSS: Thank you. We certainly appreciate your continued advocacy on behalf of our schools.

I guess after hearing what we did today and over the last three years, change is coming. But unfortunately, as we all know, to those who live in a school either as an employee or as a student, it can't come quick enough.

MS. KINBERG: I would like to remark on one of the changes that the SDA just mentioned in terms of emergent repairs. They said that when they came into the Administration, the emergent repairs used to be done the same way the capital projects were done -- in terms of the process -- and that they changed that, and that it's better now.

The DOE -- the Department of Education is currently in the process of changing their regulations around facilities. And as far as I know, one of those recommendations is to actually change the process back to the way it was done before. So maybe this is something we can actually work with the SDA on to keep the emergent repair process -- in terms of applying

for emergent repairs -- the same and not changing it. We're very concerned about the ways they want to change the facilities program in the DOE.

SENATOR NORCROSS: Well, there are probably three issues we need to address along with that. The fact of in-house -- SDA changing it. But you heard also Marc talk about -- that some of them were turned back to the district. And in many ways people assume, because you turn it back to the district, it's being done properly and safe, which I can guarantee you is not the case. There are some districts that might do a good job. There are some districts that drop the ball worse than the SDA. So just going back to the district doesn't make it good. It might, in some cases. It has to be a case-by-case basis.

At this point I want to turn the gavel over to Senator Rice, who is going to conclude the meeting.

Thank you.

SENATOR RICE: I want to thank the Chairman of the Subcommittee for the time he spent getting us together. Like you said, it's been a year. But then again, we have to admit it's been a year working together through Hurricane Sandy. And so we're in a different place and a different stage now.

Melanie, who do we have next?

MS. SCHULZ (Executive Director): That's it, unless--

SENATOR RICE: Is there anyone else out here who is testifying this morning? (no response)

Do any of the members have any questions for the speakers here? (no response)

Marc, you're going to make certain that you get whatever it is we requested from you, collectively or individually, up here?

MR. LARKINS: Yes, sir.

SENATOR RICE: And, Melanie, you took good notes on what the requests were?

MS. SCHULZ: I did.

SENATOR RICE: Really, because when I don't see people writing-- I know this IT stuff works under tables. I'm old school.

I want to thank the members for coming out today for this Subcommittee meeting. We're going to meet a lot more often, hopefully, on this Committee. Because during the course of the summer -- even though it's a campaign year -- we still collectively have to stay on top of these projects. And hopefully these schools will open in good, better shape as it relates to movement to September.

And so, Marc, you have a lot of work to do. If you don't hear from us because we're campaigning, don't think we're not watching you.
(laughter)

Thank you very much.

This meeting is adjourned.

(MEETING CONCLUDED)