

Committee Meeting

of

SENATE LEGISLATIVE OVERSIGHT COMMITTEE

ASSEMBLY REGULATORY OVERSIGHT AND GAMING COMMITTEE

"Testimony from invited persons about Superstorm Sandy cleanup"

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

DATE: March 8, 2013
1:30 p.m.

MEMBERS OF COMMITTEES PRESENT:

Senator Robert M. Gordon, Chair
Senator Barbara Buono, Vice Chair
Senator M. Teresa Ruiz
Senator Loretta Weinberg
Senator Thomas H. Kean Jr.
Senator Joseph M. Kyrillos Jr.
Assemblyman Ruben J. Ramos Jr., Chair
Assemblyman John J. Burzichelli, Vice Chair
Assemblyman Ralph R. Caputo
Assemblyman John F. Amodeo
Assemblyman Jon M. Bramnick



ALSO PRESENT:

Michael Molimock
Raysa J. Martinez Kruger
Adaline B. Kaser
Office of Legislative Services
Committee Aides

Adam Neary
Francisco Maldonado
Senate Majority
Jen Taylor
Assembly Majority
Committee Aides

Frank Dominguez
Senate Republican
Thea M. Sheridan
Assembly Republican
Committee Aides

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SENATOR ROBERT M. GORDON (Chair): Good afternoon, everyone.

Would you all please rise and join me in the Pledge of Allegiance? (audience recites Pledge of Allegiance)

Good afternoon, everyone.

Today the Senate Legislative Oversight Committee and the Assembly Regulatory Oversight Committee are conducting a joint public hearing and inquiry on a matter of great significance to the State of New Jersey: the recovery from Hurricane Sandy. More specifically, we're here to examine the process employed by the Executive Branch to award a \$100 million contract to AshBritt Environmental for the removal of storm-related debris.

Chairman Ramos and I would like to make some introductory remarks, at which point we will ask the representatives from AshBritt to present any prepared statements they may have. We hope you will limit your comments to three minutes. And then we will ask you to respond to questions from the Committees.

At the outset, I'd like to put this hearing in context and state the objectives of this meeting as I see them. My hope is that this Oversight hearing will be the first of several hearings and part of a broader effort to evaluate the capability of this State to prepare for, respond to, and recover from large-scale emergency events.

Sandy was one of the most destructive and costly storms in state history, damaging or destroying more than 346,000 homes, closing more than 600 roads and more than 1,000 schools, forcing the evacuation of more than 116,000 people, cutting off power to approximately 2.7

million households, inflicting harm on countless communities, and seriously disrupting the lives of millions. The financial damage is expected to top \$37 billion.

The climatologists are telling us that storms of this magnitude -- these so-called *superstorms* -- are going to occur with greater frequency. If that is true, this State must take every step possible to improve the emergency preparedness of our communities, reduce the potential for damage to homes and infrastructure, and streamline the recovery process. That means every municipality and utility must have functional, tested emergency plans; key assets must be protected to the extent possible; and contracts for critical recovery services must be in place and ready for activation before the storms arrives.

Today our focus is on improving the way we perform one of the most basic and costly steps in the recovery process: contracting for debris removal. In the weeks and months that followed the storm, as the victims of Sandy struggle to repair, rebuild, and restore their homes, their communities, and their lives, we have been confronted with a disturbing number of accounts about the way in which the State contracted for the debris removal effort. These accounts have generated growing concerns about how public money is being spent and whether Federal reimbursement is at risk.

Unfortunately, the questions and concerns keep multiplying while the answers and explanations fall short. Each new disclosure about the contracts and costs associated with the recovery has fueled concerns about the quality, the efficiency, and the integrity of the effort. Questions such as: Why didn't New Jersey have a debris removal contract in place

before Sandy hit? How and why were AshBritt and other firms hired for the recovery work? Why did the Administration choose to piggyback on a four-year-old contract from another state instead of bidding out the work? What role did lobbyists play in the process, and how much money is going to lobbyists that can be going to help the victims of the storm? And why are towns that chose to hire other firms outside of the State contract paying so much less in so many cases?

These are just some of the important questions that go to the heart of the State's ability to effectively recover from Sandy and be better prepared for any future storms. Unfortunately, the Administration has not been as forthcoming with information as they should. They have not been as willing to answer for their performance or to be as accountable as they should.

I expect that the officials from AshBritt who are here today will help us get to at least some of the answers. I hope that in the weeks ahead we will hear from the Administration, local officials, competing contractors, and other knowledgeable sources to get a more complete understanding of how the contracting process unfolded and how it can be improved.

And that leads me to my final comment on the objective of this hearing. Our purpose today is not to evaluate the performance of AshBritt, and it is not, contrary to what some may think, to engage in political theater. Our focus today should be on fact-finding and should be on the process. How did the recovery contracting process work and how can we improve it so that tax dollars are spent most efficiently and effectively?

I look forward to hearing the testimony of our witnesses and thank them very much for joining us today.

Chairman Ramos.

ASSEMBLYMAN RUBEN J. RAMOS JR. (Chair): Thank you very much, Chairman Gordon. I appreciate the opportunity to be here today.

Hopefully-- I see everyone made it safely through our rough weather this morning -- little surprise -- not a surprise storm, but a storm none the less on the Turnpike, and it was a little slow-going out there. So we appreciate everyone making it here on a Friday afternoon.

I'd like to start my statement by emphasizing this is a fact-finding effort. Taxpayers have the right to know why the State is using a firm that is charging, in some cases, nearly twice as much as other companies. They're entitled to know why an emergency plan was not already in place for the work that AshBritt is doing. No one questions the need for a timely cleanup, but taxpayer money must be spent properly. Unfortunately, that does not seem to be the case.

We know former Mississippi Governor Haley Barbour alerted the Administration to the debris removal contract between Connecticut and AshBritt. Barbour, whose BJR group is AshBritt's primary lobbyist in Washington, recommended New Jersey piggyback it. New Jersey did just that, thereby retaining AshBritt without competitive bidding. On November 4, for instance, Ceres Environmental Services sent a letter to the Treasury arguing taxpayers were being overcharged. AshBritt was charging \$21.25 a cubic yard while Ceres offered \$8.49.

Forty-three towns chose to operate under AshBritt, but many towns opted to use others. One municipality, for example, contracted with another company at about half the cost of AshBritt. Clearly, serious

concerns have been raised about whether this money is being spent efficiently. These questions demand additional oversight. If mistakes or errors in judgement had been made, we need to know how they can be corrected. We are just beginning to rebuild our state, and it must be done the right way. So I hope this coordinated effort -- this will be a coordinated and bipartisan effort to protect our taxpayers and ensure our state is rebuilt in the best way possible.

Thank you, Chairman Gordon.

We'll begin with a statement from AshBritt.

SENATOR GORDON: Well, I think before that I was remiss in one housekeeping duty. I think we need to have a call of the roll. I wonder if staff could call the roll on the Senate side first.

MR. MOLIMOCK (Committee Aide): Senator Kyrillos.

SENATOR KYRILLOS: Yes.

MR. MOLIMOCK: Senator Kean.

SENATOR KEAN: Here.

MR. MOLIMOCK: Senator Weinberg.

SENATOR WEINBERG: Here.

MR. MOLIMOCK: Vice Chair Buono.

SENATOR BUONO: Present.

MR. MOLIMOCK: Chairman Gordon.

SENATOR GORDON: Here.

MS. KASER (Committee Aide): Assemblyman Bramnick subbing for Assemblyman Dancer.

ASSEMBLYMAN BRAMNICK: Present.

MS. KASER: Assemblyman Amodeo.

ASSEMBLYMAN AMODEO: Here.

MS. KASER: Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: Here.

MS. KASER: Vice Chair Burzichelli.

ASSEMBLYMAN BURZICHELLI: Here.

MS. KASER: And Chairman Ramos.

ASSEMBLYMAN RAMOS: Present.

SENATOR GORDON: I understand that Senator Kean would like to make a statement.

Senator.

SENATOR KEAN: Thank you, Mr. Chairman.

And thank you, Mr. Chairman.

In the midst of the worst natural disaster of our lifetimes -- perhaps in the state's history -- the Governor of New Jersey made a decision to hire a firm to help us clean up and return to normal life as quickly as humanly possible. That decision was based on the advice he received from other governors of states with far more experience with hurricanes and their aftermath than we have.

Based on that advice, he chose a firm that has abundant experience in these situations, was already under contract with the state of Connecticut, and was also chosen by the City of New York by that same piggybacking process. The fees paid to this firm by the State of New Jersey were far lower than the rates that would have resulted from going directly through the Army Corps of Engineers. By all accounts, that firm performed extremely well, and the municipalities they served are happy with their performance.

Those are the facts. And I hope that today we can stick to the facts that are relevant and not -- as has been the case by many so far -- designed only to drive the politics of innuendo in an election year. You can disagree with this Governor, you can dislike him, you can even have the opportunity to run against him this year if you so choose. But I hope that this Committee -- which under your leadership, Mr. Chairman has a good track record of bipartisanship and objective investigation -- does not engage in the same source of various accusations and peddling of innuendo that many of the Governor's retractors have done thus far.

Criticism for criticism's sake has, in many ways, paralyzed this Legislature over the last several years. Can we, at least when it comes to a natural disaster, please put that partisanship aside? Because the facts as they have been reported thus far have shown no activity that is unusual or out of the realm of appropriate response to an extraordinarily serious situation. We may simply have disagreement with how Hurricane Sandy was handled, but that is best saved for the campaign trail.

Thank you, again, Mr. Chairman.

ASSEMBLYMAN BRAMNICK: Mr. Chairman.

SENATOR GORDON: I wonder if our witnesses could introduce themselves.

ASSEMBLYMAN BRAMNICK: Mr. Chairman, a brief comment from the Assembly side.

SENATOR GORDON: I'm sorry, Assemblyman Bramnick.

ASSEMBLYMAN BRAMNICK: Thank you, Chairman.

The Chairman mentioned the word *disturbing*. What is disturbing is that many months after some decisive decisions by this

Governor, this Committee has chosen to do Monday-morning quarterbacking concerning decisions that were extremely urgent and necessary at that time.

The opening comments by both yourself and Assemblyman Ramos indicate that you continue to hear disturbing accounts concerning the decision making by this Governor. I submit it's just the opposite. The public is grateful to this Governor for being decisive, moving quickly, and not getting caught up in what is historically Trenton committee decision-making processes that would have been inappropriate at the time of this significant disaster.

And let me say with respect to the choice of piggybacking on the Connecticut contract, New York City also determined that they would follow that same lead, and they actually contracted with AshBritt based on the Connecticut contract with respect to removal of thousands of cars and marine debris. So this was not an isolated decision or isolated incident by this Governor, but rather a clear and decisive decision that was consistent with other states and/or municipalities.

So I would submit, in conclusion, that this hearing -- even under New Jersey political standards -- is out-of-bounds, that the public is satisfied with the actions of this Governor. And subsequently we will learn that today's hearing reveals nothing but an option to municipalities to choose to use the AshBritt contract, but no municipality was forced to do so.

Thank you, Chairman.

SENATOR GORDON: Thank you, Assemblyman.

If I could just respond to that quickly -- and then I do want to give our witnesses an opportunity to speak.

As some of you may know, I spent a number of years in the emergency management field before I was in the Legislature. And anyone who is a first responder will tell you that after a house fire or after a hurricane, the first responders, or certainly the leaders of the emergency services for the particular jurisdiction, get together for what's called an *after-action report*. And you sit around a table and try to learn what worked well and what didn't work so well, with the objective of trying to do better the next time. And that's really how I see this whole process. This is like an after-action meeting. And I think there are some important lessons to be learned. We have witnesses who are experienced in the field. And we're just trying to get facts. We're not trying to point any fingers -- I certainly am not. But there is a lot to be learned here so that we're better prepared the next time.

ASSEMBLYMAN BRAMNICK: So just briefly, Chairman. Therefore, you could conclude at the end of this hearing that the decision, based on objective evidence of the Governor, was a good decision. That's a possible outcome today, correct?

SENATOR GORDON: That is possible.

ASSEMBLYMAN BRAMNICK: Thank you.

SENATOR GORDON: I mean, let's see where the evidence leads.

SENATOR KYRILLOS: Mr. Chairman, are you going to allow for other opening statements?

SENATOR GORDON: I think in the interest of time, Senator, I really would like to move on to our witnesses.

SENATOR KYRILLOS: Well, you've only called one witness, right? And there will be questions for them after.

As you know, there was no part of the State tougher hit than my part. I know you to be a very fair-minded Senator and a fair-minded leader of this Committee when it meets.

And, Mr. Chairman, you talked about an after-action meeting, which I suppose this is. But I would like to ask you, for the future--

SENATOR GORDON: Senator, with all due respect, you will have an opportunity to make these statements during the--

ASSEMBLYMAN RAMOS: During the course of a question--

SENATOR GORDON: --question and answer period. We really are pressed for time. These folks have traveled from Florida. I know there are a lot of questions and we have everyone--

SENATOR KYRILLOS: Oh, I'm sure they'll be happy to stay.

During the course of the hearing, I'd like to mention the 29 pieces of legislation that members of this Legislature from our House and the General Assembly have offered in the aftermath of Hurricane Sandy. Not one hearing, not one committee meeting, not one Oversight Committee hearing, no bills passing either House--

SENATOR GORDON: Senator, with all due respect.

SENATOR KYRILLOS: You talked about after-action alerts and meetings--

Mr. Chairman, I respect you. I understand you'd like to get on. As we progress, I'd like to talk about my communities. Because as I look

around the table, no district was as impacted as mine -- the towns of Union Beach, of Keyport, of Keansburg--

SENATOR GORDON: Senator, you'll have an opportunity.

ASSEMBLYMAN RAMOS: There's other parts of the state that are affected as well.

SENATOR KYRILLOS: --of Port Monmouth, of Sea Bright, of Highlands. And we'll get into it.

SENATOR GORDON: Mr. Perkins, would you like to proceed? Could you introduce your panel?

R A N D A L R. P E R K I N S: Good afternoon.

My name is Randy Perkins. I'm President and CEO of AshBritt Incorporated.

Mr. Chairman, respected Committee members, thank you for asking us to come here today. Hopefully we'll be able to answer all your questions, be cooperative, and find a way to lay some groundwork for how things can be improved in the State of New Jersey in the event that another -- not in the event, but when another event like Hurricane Sandy impacts the state the way this one did.

To my right is Jared Moskowitz. He is our company Counsel -- internal company Counsel, and also runs our Government Relations Department. Some questions I'll defer to him today. I will try to answer as many as I can.

Let me tell you a little bit about AshBritt. We were formed in 1992 in the aftermath of Hurricane Andrew. Since then, we've performed over \$2 billion worth of work in the United States and U.S. Territories following every major disaster that's impacted the U.S. since then. We hold

over 200-plus contracts at the local municipal level throughout the United States. Obviously communities from Florida up the entire Coast -- from Connecticut and Massachusetts, Texas, Louisiana, Mississippi. We hold 90 percent of the contracts in the state of California -- every major municipality, every densely populated area. We hold seven state contracts in the U.S., of which there are only seven current state contracts in existence in the United States.

We get selected in competitive RFP bid situations throughout this country time and time again. The criteria in which we're selected is not necessarily based on price alone. There are many noncost factors why we're selected: operational capabilities, technical expertise, financial strength; the ability to mobilize vast amount of equipment, personnel, and resources, and to quickly hit the ground and start helping communities and counties, states recover from major catastrophic events that impact their communities.

We also are one of the five U.S. Army Corps of Engineers contractors. To become a U.S. Army Corps of Engineers contractor for major debris and disaster-related recovery services is not an easy process. These RFPs go out. They're being renewed actually in the next 60 days. You'll have dozens and dozens of companies submit throughout the United States -- the likes of Bechtel, Shaw, a division of Brown & Root, mid-size companies, major road and bridge builders, and everybody in between. As I said, we continue to get selected time and time again, because the one thing we do is we deliver. We perform, and we help multiple communities throughout this country on a day-to-day basis recover after major disaster situations.

The State of New Jersey, which is what we're here to talk about today, obviously, utilized our contract -- our competitively bid contract from the state of Connecticut. Now, this contract was competitively bid. Multiple companies from around the country submitted on this RFP. And through an exhausting process through their emergency management department -- a very good one, a very responsible one, a very educated one -- chose our company because it was determined that we were the best value -- not necessarily the best price, because best value does not exactly -- not always equate best price or lowest bid. And, again, that's why we're selected time and time again throughout the United States. So I would say that those same -- the same criteria, the same rationale was used in the State of New Jersey when they decided to weigh their various options and utilize our competitively bid contract in Connecticut -- utilize that for the recovery service and make that contract vehicle available to the multiple municipalities we ended up serving here throughout the State of New Jersey.

To date, we're actually under contract with 51 municipalities. Just to correct a few facts as I believe them to be true, only one town chose to go a different route, and that was Colts Neck. And then there was one other bid issued during the entire process, because Colts Neck was actually not a bid, it was a sole-source contract. There was one other contract that was put out to bid, and we can talk about that later. Aside from that one town that performed themselves, we did 51 -- or pretty much 100 percent of the work here in the State of New Jersey.

We've moved over, to date -- just some operational facts -- well over 3 million cubic yards of debris: vegetative, construction, and

demolition waste; collected countless white goods, and refrigerators, and washers, and dryers, air conditioning units, and those types of things; countless yards and tons of e-waste; household hazardous waste; removed dozens, and dozens, and dozens of vessels from waterways; removed thousands of trees that were leaning or uprooted that potentially had the ability to -- as they were, they were falling into streets, falling on the sidewalks, public areas, parks, and things like that; operated several dozen temporary debris management sites. And to date, we have completed close to \$150 million worth of work in the State of New Jersey.

And the one thing I would say is I'm actually pretty proud to be sitting here for the reasons that you've asked me to come. And I'm certain we'll be able to clear up some of the questions and some of the answers, and hopefully put the politics aside and focus on what the real issues are and the real questions that you have. Because I agree. I think they're important and need to be answered, and they need to be answered in a way that -- as the Chairman characterized, after-action report. We do after-action reports with the Federal government, with the Corps of Engineers.

As I mentioned, the Corps of Engineers -- let me go back to that for a second. We were one of the four contractors under contract after Hurricane Katrina. The way the Corps of Engineers put their contracts out is, they assign them by region. We have more states issued to us by the Army Corps of Engineers than any of the other contractors that are under contract. I believe that speaks because -- as I believe, they believe that we're the very best in the United States at what we do. And it starts with performance and delivery.

To date, the contract that we had in the state of Mississippi was just over \$900 million, and it's the largest contract ever awarded for major debris recovery and debris management service after any major disaster. So as I said, I'm proud here -- sitting here proud, because we're not talking about our performance or our ability to deliver. We have scored an A-plus on this project. We've responded, we've done everything that we were asked to do.

One of the common themes that was presented to us by all local officials that we contracted with -- all 51 -- when we sat down to negotiate with them -- presented them who AshBritt was, what our capabilities were, why we were the best for the job, and why we could help respond and immediately take care of their critical needs that they had -- was, "Listen, that all sounds good. You come highly recommended. We've already gotten calls from our counterparts -- public works directors, solid waste directors, city managers, mayors, and everybody in between from all over this country. You've done a very good job at trying to make everybody understand who you are. But we're not talking about Houston, Texas; we're not talking about South Florida; we're not talking about San Bernardino, California. We're talking about my town on the coast of New Jersey. And I need to be back open for business come Memorial Day. No excuses. We don't want to hear anything. We're going to hold your feet to the fire. Do you understand what it's going to mean to this State, this County, and this Town if we're not back open for business? It's going to be devastating. Enough talking; get to work." So, again, the fact that we're here talking about everything but performance-- I'm extremely proud of our

company's performance, our capabilities, what we've accomplished here in the State of New Jersey.

So, again, I welcome all your questions. Some of them I'm going to try to answer, some I might not answer to your satisfaction. But our contract is an open book, and I'm here with as much information as I can give you.

Thank you very much.

SENATOR GORDON: Thank you, Mr. Perkins.

I'm going to just ask a couple of questions, and then we'll open it up to the Senate side of this Committee.

Hurricane Sandy struck our state on October 29. I believe 24 hours later you had a contract in place. Could you take us through the process of how you were approached? Did you approach New Jersey? Did someone from the Administration contact you? Was there an intermediary? Could you give us a timeline leading up to the activation of your contract?

MR. PERKINS: Yes, I'd be glad to. And I'm going to have to segue into that if you don't mind. I'm not trying to be evasive of the answer, but part of our business with all of our clients and what we do-- Obviously, that's what we're in business to do. We respond and manage major disaster recovery operations.

So as a company, we go into an activation mode whenever we -- obviously whenever we see that there is a major hurricane brewing in either the Atlantic or the Gulf of Mexico; we get news reports that there's potential tornado activity in the Midwest -- Texas, Oklahoma, etc.; there are fires burning out of control in California and Arizona; and those types

of things. So we go into an operational mode. At the same time, we are under contract -- state contracts with Virginia, Maryland, Connecticut, Massachusetts, and Delaware. So we were already contacted by those various respected emergency management departments. So we go into an activation mode.

As the Hurricane quickly started zeroing in and the cone started showing that the states of New Jersey and New York were going to actually be landfall, and that's where the major brunt and devastation appeared to be taking place, obviously we dispatched our management team, our operational team, just like we did with our existing clients, knowing that New Jersey and New York were going to be impacted and impacted in a major way.

Now, the fact that you brought up earlier that these pre-positioned contracts-- Well, we know, because we do -- we know a lot of the emergency managers in New Jersey and New York. We attend all the conferences and shows -- emergency management shows, hurricane conferences, and all the things that go -- we do on a day-to-day basis, since we're engaged in this 365 days a year. Knowing that neither one of the states had any state pre-positioned contracts, and almost zero pre-positioned contracts at the municipal level -- cities, townships, those types of things -- we knew that they were going to have requirements for our types of services. We weren't the only ones. Our competitors were doing the -- the four or five major competitors were doing the same thing. So we immediately got here and started meeting with local town officials, solid waste directors, public works directors; reaching out to clients we had in other parts of the country asking-- We're members of the Public Works

Association, solid waste directors. They all know each other, they all meet around the country on a regular basis -- asking them, "Can you call your counterpart in this town? Can you do this for us? Can you do that? Can you pick up a phone? Can you set me up a meeting? We're in town, we're on the ground." And those types of things. So that's kind of the process that's involved.

And I believe that we did not sign a contract with the State of New Jersey until--

Mr. Moskowitz?

J A R E D M O S K O W I T Z, E S Q .: We signed the contract on the 31st of October.

MR. PERKINS: Which was actually several days after the Hurricane made landfall.

At the same time, everything we were doing in New Jersey--

ASSEMBLYMAN RAMOS: It was the--

MR. PERKINS: I'm sorry.

SENATOR GORDON: I believe the storm made landfall on the 29th.

MR. PERKINS: Okay, two days later. I stand corrected.

And at the same time we were in the state of New York, particularly the City of New York. And they actually utilized our state of Connecticut contract for services prior to the State of New Jersey and the local municipalities.

SENATOR GORDON: Can you tell us who approached you from the Administration of the State of New Jersey?

MR. PERKINS: No, we approached-- We started approaching all the local towns and local governments. And then we approached the State of New Jersey, as we did the state of New York.

SENATOR GORDON: So you initiated the contact with the Governor's Office, the Treasury Department?

MR. PERKINS: Emergency Management Department. We reach out to the governor's office, we reach out to anybody who will pick up the phone and listen to what we have to say and what we have to offer.

SENATOR GORDON: Do you remember in particular anyone in the Governor's Office you contacted, or in the Treasury Department?

MR. PERKINS: I will have to defer that to Mr. Moskowitz, because he is actually the one who dealt with a lot of that.

MR. MOSKOWITZ: Sure, Mr. Chairman. We dealt with, exclusively, in the moments after we started hearing from New Jersey, Charlie McKenna and Beth Mitchell out of the AG's Office. The entire contracting process was done in the AG's Office with Beth Mitchell. This was a several-day process. So when I say the contract was in place on the 31st, it took several days to get the contract in process. And then we didn't even start for a couple of days after that.

As you're probably aware, Mr. Chairman, the State of New Jersey has a very rigorous process to do business in this state, to move solid waste. So we had to fill out 900 pages of documents before we could start doing any -- before we could start going to municipalities and moving any solid waste. We had to fill out personal history disclosures -- all 13 of our key employees. Randy's family had to fill out 35-page history forms. They wanted to know what our mother-in-law did for a living. We had to say

that we didn't do business with Iran or Northern Ireland. We had to fill out the pay-to-play documents. We had to fill out all the disclosure information. So this went on for several days. And that was all done through the Attorney General's Office.

SENATOR GORDON: Okay. Thank you.

Let me, at this point, turn it over to the Senate side of the Committee.

Any members?

Senator Buono.

SENATOR BUONO: Good afternoon, gentleman.

MR. PERKINS: Good afternoon.

SENATOR BUONO: I'll admit, on its face, it appears to me, at this point, that the Administration went out of its way to give a politically connected, out-of-state firm a lucrative no-bid contract at double the price of its competitors. And I find it, at this point of the Committee, indefensible. But you need to know that this Committee isn't about politics. This Committee, for the year -- actually, I was the Chair for years. We've had numerous hearings. The Sports Authority came before this Committee. We always conduct hearings that are based on the facts. And what we are concerned about is that -- whether the net result is that taxpayers will be paying more while less is going to the victims.

We are here because we are on the side of the taxpayers. We want to follow the money, particularly when the money is the taxpayers' money. Every single penny should go to the victims. And our only concern is that -- where exorbitant commissions are coming at the expense of storm victims. So that's why we're here.

I do have a few questions now.

SENATOR KYRILLOS: Mr. Chairman, point of order. Is this a campaign rally or a hearing of the Senate and the General Assembly? My goodness. I think you should have some decorum here.

SENATOR GORDON: Senator, I'm trying to do that actually. Senator Buono.

SENATOR BUONO: I have a few questions. We know now that the Administration, even after experiencing extensive damage -- flooding and power outages during the August the year before -- 2011 from Hurricane Irene -- they did not conduct competitive bidding as other states had to establish emergency response contracts with clean-up firms. And as a result, New Jersey was ill-prepared and left scrambling when Sandy hit.

New Jersey, as you've testified, chose to piggyback or adopt a no-bid contract that was let out to bid by another state four years prior -- Connecticut in this case. What happened as a result of this -- as a direct result of this-- Because FEMA frowns on no-bid contracts as noncompetitive, it has subjected New Jersey to increased scrutiny in terms of how much FEMA will actually reimburse the municipalities.

My question for you is: Given that New Jersey is more vulnerable to scrutiny from the Federal government because of this piggybacking, did you-- Were you aware of this at the time? And did you communicate that to the Administration?

MR. PERKINS: Several things. If I mischaracterized this Committee hearing as a politically driven event, I apologize.

Secondly, just to correct something that I did not say -- I never used the word *no-bid contract* since I've been speaking here today. I will

reemphasize that the contract that we have in Connecticut was a competitively bid contract that was awarded.

SENATOR BUONO: In Connecticut.

MR. PERKINS: In Connecticut. None the less, it was not--

SENATOR BUONO: We don't care about Connecticut. We're talking about New Jersey.

MR. PERKINS: With all due respect, I didn't say *no-bid*.

With that being said, I think it's-- You referred to additional scrutiny, overcharging the taxpayer--

SENATOR BUONO: No, my question was about the increased scrutiny that would be triggered as a result of this being a piggyback off of another state's. That's not what I'm saying; that's what FEMA regulations say. It will trigger increased scrutiny because of its noncompetitive nature.

My question for you is: Were you aware of that? And did you communicate that to the Administration?

MR. PERKINS: I would respectfully disagree that's what FEMA said. That might be what the *Star-Ledger* said, however--

SENATOR BUONO: No, actually I have the regulations right in front of me.

MR. PERKINS: If you would please provide me a copy, I would love to read it.

SENATOR BUONO: I would think that you would--

SENATOR GORDON: Senator, I have it right in front of me.

I'm looking at 44C 13:36. There is what they call an *avoidance checklist* which says, "Do not piggyback or utilize a contract awarded by another entity. Piggybacking may be legal under applicable state law.

However, the use of such a contract may jeopardize FEMA funding, because these contracts do not meet the requirements for competition established in 44CFR 13:36. If an applicant requests reimbursement for costs it incurred from the piggybacked contract, FEMA will determine the reasonable cost for the performance of the eligible work.” It sounds as if there is at least greater scrutiny of these contracts.

SENATOR BUONO: And, in fact, were you involved in the aftermath -- the clean up after Katrina? I would assume you were.

MR. PERKINS: As I stated, we held the largest single contract that was awarded after Katrina.

SENATOR BUONO: Well, I would think, then, you would be aware of the Federal rules. In fact, they were toughened as a result of findings by Congress. They were sharply criticized by Congress in the wake of Hurricane Katrina for allowing no-bid contracts that bilked taxpayers.

MR. PERKINS: I’m well-aware of the position that Congress took after Hurricane Katrina. But as I sit here and try to check the facts -- and I’m sure this Committee wants to know the facts. And I can only speak on the facts as the way I believe them to be. Again, the fact of the matter is, the Chairman did use the word *legal*. Now, whether it invites additional scrutiny as you’ve read -- or as you’ve said, maybe, maybe not.

What I can tell you is, before our contract was signed by the State of New Jersey -- this is fact -- after checking the facts -- the lead counsel, the head of Counsel for FEMA -- the Federal Emergency Management Association (*sic*) -- and the Federal government, prior to us starting work, signed off on the contracting process that the State of New

Jersey was using. They blessed it, they anointed it, and the State signed it, and we moved on.

So what I would respectfully say for one more second is, the term *legal* was used. Maybe it's discouraged. Maybe they promote other ways to go about putting out contracts. But the fact of the matter is, it is legal and it was blessed and signed off by the head of the Federal Emergency Management Agency and their internal counsel.

SENATOR BUONO: Right, but that wasn't my question.

MR. PERKINS: Okay.

SENATOR BUONO: My question was-- And the fact is-- I'm reading from the regulations. There is no debate on whether or not this no-bid contract was legal. The issue is that it would jeopardize, according to FEMA regulations -- *jeopardize* is the word they use -- FEMA funding if they determine the use of such contracts has negatively impacted the Federal procurement requirement. Rates must be fair and reasonable.

MR. PERKINS: Great point.

SENATOR BUONO: My question was not whether or not it was legal. We know it was legal. That's established.

MR. PERKINS: Okay.

SENATOR BUONO: We want to know: Because it was a piggyback off another state and it was not bid in New Jersey, this then triggered an increased level of scrutiny which could jeopardize full reimbursement to New Jersey. My question for you was: Were you aware that increased scrutiny would be triggered? And did you communicate that to the Administration?

MR. PERKINS: First of all, a lot of what you said is actually correct. So I agree with you. But we get back to a very important point that you brought up.

First of all, let me be very clear. I am a subject matter expert on what I do for a living. With that being said, the term *reasonable* is what the Federal government looks at--

SENATOR BUONO: *Fair and reasonable.*

MR. PERKINS: --*fair and reasonable* -- when they look at what they're going to pay -- reimburse. As you know, the money flows through the State and then flows down to the local government. That is the relationship between the Feds and how the money gets to the impacted communities to pay their bills.

SENATOR BUONO: Right.

MR. PERKINS: So back to *reasonable cost*. What I would say to this Committee today is, without question, our price for the State of New Jersey -- utilizing our competitively bid contract from the state of Connecticut -- without question will be deemed reasonable. And the reason I say that is, if you look at the neighboring state that was impacted by Hurricane Sandy -- the same line-item contract; clean up from right-of-way dangerous trees, marine debris, beach sand -- all the various line items that took place in New Jersey took place in New York apples to apples, not apples to oranges, apples to lemons. And the State of New Jersey -- the decision that the Administration made -- was done at much, much more cost-effectively and cheaper than the state of New York. So when you want to talk about reasonableness and reasonableness of pricing--

SENATOR BUONO: I don't, I really don't.

MR. PERKINS: Yes, you do.

SENATOR BUONO: That's not what my question was.

MR. PERKINS: With all due respect, you do.

SENATOR BUONO: You're not answering my question.

MR. PERKINS: And I'm answering your question.

SENATOR BUONO: No, you're not.

MR. PERKINS: No, I am. You're not listening, is what I'm trying to say. And with all due respect -- I'm not trying to be combative here -- but you're talking about--

SENATOR BUONO: You're very well-prepared.

MR. PERKINS: --jeopardizing the funds of this State.

SENATOR BUONO: And I wish the Governor was as well-prepared as you were when the storm hit. Let's just put it that way.

SENATOR KEAN: Mr. Chairman, that's absolutely unfair.

ASSEMBLYMAN BRAMNICK: I have a follow-up question.

SENATOR KEAN: Mr. Chairman.

SENATOR BUONO: I'd like to move on to another question.

SENATOR GORDON: Let's just take a breath please.

Senator, could you let Mr. Perkins answer without interrupting please?

MR. PERKINS: Okay. As I'm trying to answer your question-- You used the word *reasonableness*. And I can assure this Committee, and I can assure the Administration, based on the decisions that they made-- The Administration had several options. And you might not like the long answer, but I'm trying to educate this Committee.

Please, give me two minutes.

SENATOR BUONO: I take issue with that. I think that the Committee is very well-informed and very well-prepared. And I think you'll find-- What I object to is you taking a half-hour to answer a simple yes or no question.

MR. PERKINS: It's not a yes or no question.

SENATOR BUONO: But it is.

MR. PERKINS: No, it's not.

SENATOR BUONO: That's what I'm asking you for -- a yes or no answer. I asked you whether or not you were aware of the increased level of scrutiny -- yes or no. And I asked you whether or not--

MR. PERKINS: And I answered yes to that question.

SENATOR BUONO: Did you say yes or no?

MR. PERKINS: That's a yes to that question.

SENATOR BUONO: Okay. And then did you convey that to the Administration?

MR. PERKINS: I did not convey that to the Administration.

SENATOR BUONO: Okay.

MR. PERKINS: But you also brought up reasonableness, and I'm entitled to respond. You're trying-- The question you're asking-- The fundamental question, the fundamental reason is you're trying to say that the State of New Jersey has jeopardized their ability to receive their money from the Federal government for all the work that took place under our contract and numerous other contracts that were issued.

SENATOR BUONO: I'm not saying that, FEMA says that. FEMA is saying that.

MR. PERKINS: No, that's not what FEMA said.

SENATOR BUONO: FEMA will compare the reimbursement applications submitted by individual towns and cities to help draw conclusions as to what is fair and reasonable. For example, in New Jersey, in Colts Neck -- on the issue of fair and reasonable -- Colts Neck took advantage of the emergency declaration to bid out work themselves informally through phone calls. And they went with a Florida-based company -- I'm not going to mention the name -- which offered to do the work for about \$11.70 -- about half of what your rates were. So that's the kind of analysis that, from my understanding, leads me to believe that will be triggered as a result of the fact that this was a no-bid contract. That's not your understanding.

MR. PERKINS: What you're saying is completely inaccurate. It's not true; it's false.

SENATOR BUONO: Okay. So then explain.

MR. PERKINS: What I will explain to you and this Committee one more time, with all due respect, is the Federal government -- FEMA -- the checkbook who we're talking about -- was sitting at the table when they blessed and agreed that the decision that the Administration was taking was the right path for the circumstances that were being dealt with on the day that they were signing this contract. So you're trying to tell me, or tell this Committee, or tell the newspaper, or the cameramen, and everybody else who is here that funding and reasonable pricing didn't occur.

The Agency--

SENATOR BUONO: No, I'm not. I'm asking you whether or not you conveyed that to the Administration. Because the fact is really--

MR. PERKINS: I don't need to. The Federal government -- the checkbook told the Administration that the process they were using was fair, and accurate, and reasonable, and to proceed.

SENATOR BUONO: Well, the fact is you will get paid either way -- either by the Federal government or by the property taxpayers. Either way you're getting paid.

MR. MOSKOWITZ: Mr. Chairman, I submit that we've answered this question.

SENATOR BUONO: I'd be happy to move on.

SENATOR KYRILLOS: Mr. Chairman, are we going to have a little back and forth here, or is this a one-person Committee?

SENATOR BUONO: I asked one question. He's the one who is taking a half-hour to answer it.

SENATOR KYRILLOS: Let him answer.

SENATOR GORDON: Let's just relax.

On this one point of FEMA signing off on this, we certainly had hoped we would get documentation to attest to something like that. We sent an OPRA request to the Administration and never got anything like that back. I'm sure that would have truncated this whole line of questioning if we had gotten that kind of information. But we did not get much of a response.

SENATOR BUONO: I have another--

ASSEMBLYMAN BRAMNICK: Mr. Chairman, if this is a fact-finding hearing, which you say it is, isn't the bottom line whether or not this witness believes that FEMA will or will not reimburse the State for the money expended? That's the question. Why don't we just ask him

whether or not there is any risk of that? And then we can move onto the next issue.

ASSEMBLYMAN RAMOS: But I think he also asked for documentation that firmly attests to that.

SENATOR GORDON: Senator Buono, can you move on? I do want to move over to the Assembly and give the other members an opportunity to speak.

SENATOR BUONO: Yes.

Hopefully, you will keep your answers, through the Chairman, more brief so others will have an opportunity. That was the point I was trying to make. Everybody is very eager to ask questions, and so we're trying to move along as fast as we can.

Did you-- We know that you charged New Jersey double the rate that you charged Delaware for the same work. Why did you offer that state a better deal?

MR. PERKINS: We have contracts, again, throughout the United States, including with the Corps of Engineers. And what I will say again is, when we utilized our Connecticut contract, we looked for the contract that was most conducive to the damage and the requirements that were going to be needed in the State of New Jersey. Our Delaware contract-- Yes, you're correct. You read it correctly. It has a lower price. The dynamics, the logistics, the requirements in the state of Delaware-- You're talking about a community that's only three counties. You're talking about the State of New Jersey who had the entire coastline impacted. The damage was catastrophic. So, again, when we're drawing direct

comparabilities between the two contracts, the contract we had in the state of Connecticut was the right one to go with.

SENATOR BUONO: But let me, just so we're clear-- So the terms of the contract in Connecticut were to -- and in New Jersey therefore -- were to charge \$21.25 per cubic yards to haul waste -- what was it, 15 miles? What was the--

MR. PERKINS: There's varying haul distances. I mean, the first line item is zero to 15 miles, 15 to 30, and so on.

SENATOR BUONO: But the \$21.25 applied to the--

MR. PERKINS: Zero to 15. That's correct.

SENATOR BUONO: Okay. And then the Delaware fee -- the Delaware rate was \$10.25. And, again, that was per cubic yard to take it the same distance. So how-- It seems to me you're justifying the higher rates because the Delaware contract was for different work, but it's the same basis. It's the same per cubic yard for the same amount of distance that it would be hauled, correct? Or am I wrong?

MR. PERKINS: You're right in what you're saying, but there is a follow-up to that. It's not that simple. The fact of the matter is this: The state of New York -- the governor's office there -- decided to utilize the Army Corps of Engineers because direct Federal assistance was made available. The President of the United States was the one who triggers that.

SENATOR BUONO: We could have done that too in New Jersey, right?

MR. PERKINS: I'm sorry?

SENATOR BUONO: We could have done that in New Jersey too, but we didn't.

MR. PERKINS: That offer-- The way this process-- The Administration had several choices. They could go with the Army Corps of Engineers because that was made available; they had our contract -- competitively bid contract from the state of Connecticut; or they could let the local towns and local governments try to put out bids and go through that calamity of events that would have proven to be unsuccessful.

Now, when you're dealing with-- Long Island, New York, had a contract out that was significantly higher than our price. So when you're looking at the geographic location of the damage-- You've got the Army Corps of Engineers -- who we respect; they're a great agency to work for and do a phenomenal job -- and were brought on by the decision of that governor, the mayor of New York, and that's what they decided to utilize -- at a price that was much higher than our Connecticut contract. You had a contract in Long Island that was significantly higher than this. So now you're talking about the ability in this--

SENATOR BUONO: I really don't want to interrupt you, but in deference to all the members, you're going far afield. It has nothing to do with what I asked you.

MR. PERKINS: But you can't just make a general statement, "You had a price here and a price there."

SENATOR BUONO: Explain to me how the Delaware contract--

ASSEMBLYMAN RAMOS: The distance of 15 miles is different -- 15 miles here than--

SENATOR BUONO: Yes, 15 miles is 15 miles--

MR. PERKINS: The cost of doing business in New Jersey--

SENATOR BUONO: --vegetative waste is vegetative waste.

MR. PERKINS: The state of New York -- their contractor, under contract for significantly more -- the Corps' contractor -- than our contract. Now you're talking about the ability to get resources. You're talking about the ability -- when you have a contractor handling all the recovery efforts--

It's true. I know you can shake your head. But you need to listen to me because it's accurate.

SENATOR BUONO: You're off on a tangent.

MR. PERKINS: No, I'm not on a tangent. But you're looking for simple answers, and they're not there.

SENATOR GORDON: Senator, I think he's trying to explain the--

ASSEMBLYMAN RAMOS: The whole process -- thought process.

ASSEMBLYMAN BRAMNICK: Mr. Chairman, can we continue a fact-finding mission here as opposed to just--

SENATOR BUONO: Not about New York. I didn't ask about New York; I asked about New Jersey and how that compared to--

ASSEMBLYMAN BRAMNICK: Well, why don't we allow other members here--

SENATOR KYRILLOS: You know what, Mr. Chair? If somebody else could ask a question we would ask about New York.

ASSEMBLYMAN BRAMNICK: Let's just do fact-finding.

SENATOR BUONO: Well, you can ask about New York. But I'm the one who is questioning now.

SENATOR GORDON: Everyone--

ASSEMBLYMAN RAMOS: Just relax, guys.

SENATOR GORDON: Everyone, could we just relax?

MR. MOSKOWITZ: Mr. Chairman, I'd like to add something because I--

SENATOR BUONO: Well, obviously, you don't want to-- I'll move on. You don't want to answer that question. That's okay.

SENATOR GORDON: Senator.

MR. PERKINS: The last thing I will say is, the local New Jersey contractors are being paid significantly more than the value of that Delaware contractor. So if you're looking to take dollars out of the local New Jersey contractors by asking me why we didn't utilize a contract-- Our rate in Delaware -- the contractors who live in this state were afforded the ability to be paid significant amounts of dollars -- much more -- because that's what they require to do the work. The rates in Delaware would not have allowed us to hire the small businesses, small minority businesses, the mid-sized businesses in the State of New Jersey. We would have been forced to bring contractors from around the country. And your contractors, your constituents would have been sitting idle wondering why they weren't going to work.

SENATOR BUONO: Well, that leads me to another question.

SENATOR GORDON: Senator, I'm going to exercise the prerogative of the Chair. I want to give the Assembly side an opportunity to ask some questions. Everyone, I'm hoping, will have an opportunity to ask questions.

ASSEMBLYMAN RAMOS: Assemblyman Burzichelli, would you like to ask questions?

ASSEMBLYMAN BURZICHELLI: Thank you, Chairman.

Good afternoon, Mr. Perkins and your group. I appreciate the fact that you're here. And I mean that sincerely. And I believe you're here because you're willing to answer questions because you feel strongly that the effort you're making is the correct effort. And although it may sound odd to you, there is an honest pursuit here of understanding what happened so we're better prepared. Because many of us were surprised that we were not better positioned to respond in this particular area of endeavor. New Jersey is not new to this sort of thing. Although granted this storm was something we hadn't seen, it was not the first hurricane to hit here. We've had blizzards before that, we've had incidents before that. Response is something we know best. We live in the shadow of New York City, we're near the City of Philadelphia, and we're bordered by the Atlantic Ocean. Things can happen here.

So I'd like to just -- just for purposes of clarifications -- understand where we are with regard to end reimbursement. With the long history you have in dealing with these kinds of issues around the country and working with FEMA -- and situations where, in the end, reimbursement means everything -- what is the history of reimbursement with regard to amounts submitted for reimbursement and then the potential for follow-up audits?

MR. PERKINS: That's a great question, and I can answer it relatively simply. We've done over \$2 billion worth of work -- that's a lot of money -- through dozens and dozens of communities, counties, cities,

states throughout the country. And not once -- not one dollar has ever been withheld to any of our clients for any work that we've done at the various prices that we've charged. Not one.

ASSEMBLYMAN BURZICHELLI: Through the Chair, what is the look-back period with regard to potential of audits? Because I think a question sort of got lost between the activity back and forth. The FEMA guidelines seem very clear about discouraging piggybacking but takes into consideration there may be circumstances where that may be the only choice at a snapshot in time. But then time will progress past that. So in this case we're piggybacked with a contract that is four years older. You're doing business in a state that is not contiguous with where that contract was let. So when you mentioned the fact that FEMA signed off on the use of piggybacking in this case, did FEMA relinquish their statute right of review with regards to higher scrutiny of piggybacking and say, "In this circumstance we're going to recognize piggybacking is the only choice, and we will waive our right to hold a higher standard of review -- of reasonableness of (indiscernible) charges?"

MR. PERKINS: Well, obviously, we've stated that it's legal. But you clearly read that it is somewhat discouraged when you have the flexibility to go through other avenues -- competitive bids, quick turnaround, phone call solicitation, those types of things.

Listen, the Federal government scrutinizes everything. And I would agree with you. They're going to take a second look at what took place in New Jersey. And once they go through the various checks, the facts, and then goes back to the fact that it is clear, without question, that the price the State of New Jersey paid was beyond reasonable-- And that's

what this whole thing comes down to. Did the State of New Jersey, in this piggyback situation, exercise its authority? Did they make the right decision based on the situation in the timeline that they were dealing with? And it gets even better than that. Again, you can't get any better than having the person who controls the checkbook sitting at the table saying, "You can use the Corps of Engineers administration, and it's going to cost more." That's the fact. "You can utilize the state contract, and it's going to save the State of New Jersey significant amounts of money. Yes, it's a piggyback. There is no time to go out for bid." The agency that really decides yea or nay on that signed off on it. Yes, could you--

There are all kinds of things that we can sit here today and say could have been done this way, they should have been done this way. The fact of the matter is, when the Administration issued this contract, it had a zero-dollar value. There was no dollar value associated with it. It was up to each one of the individual towns to make a decision. "Do we want to use the vehicle that this Administration put in place to get this work done in our communities, or do we want to say 'No, we'll pass. We're going to go out to bid, we're going to advertise, we're going to deal with protests, we're going to deal with whether we're hiring the right company, etc., etc., etc.'" And that's what they decided to do. Fifty-one of the towns decided that, individually. Individual elected officials, mayors, city managers, staff, solid waste directors, public works directors, and everybody in between decided that the vehicle that the Administration put in place was the absolute best thing for them to do at the time.

ASSEMBLYMAN BURZICHELLI: I appreciate that answer. Most of that you had presented earlier in your testimony. Again, did

FEMA, under these circumstances of time, say to the State of New Jersey our valuation of reasonableness of price, in the end, would be set aside and we would not have that standard of review that normally would be applied to a piggyback contract engaged under these circumstances?

MR. PERKINS: Every contract is going to be scrutinized and evaluated. "Did I really say that? Did I mean that? Could we have done things better?" Yes, I agree with you on that.

ASSEMBLYMAN BURZICHELLI: Actually, I'm not asking you to agree with me. I'm asking if FEMA set aside that condition in this set of circumstances that were truly unique with regard to the storm and the path it took through the northeast and this highly populated area. Did they waive that portion of the relationship?

MR. PERKINS: What FEMA waived and didn't waive I can't speak to. What I can speak to is the fact that some of the conditions that the Federal government and FEMA -- the checkbook -- put in place and stipulated was that they wanted the contract rebid, which took place.

ASSEMBLYMAN BURZICHELLI: Okay. And if I may follow up for detail -- because I'm interested in the fact that we piggybacked off of a--

Let me back up just one moment. You're correct about Monday-morning quarterbacking, and that's what this is. That's what this process does. This will be sorted out and understood better as we move forward.

So looking at a contract four years old in a state not contiguous with ours, was there any effort made by any party -- whether your side or

our side -- to renegotiate the terms of the already existing contract in Connecticut? And is even such discussion permitted?

MR. PERKINS: The answer to that question is no.

ASSEMBLYMAN BURZICHELLI: Let me split the question then? No one tried or was not allowed?

MR. PERKINS: You cannot take an existing, competitively bid contract and negotiate line items up or down. And that is also part of the Federal regulations.

ASSEMBLYMAN BURZICHELLI: Okay. And then I'd like to clarify just for my thinking-- So Connecticut had a contract in place. Did our neighbor Pennsylvania have a contract in place of any kind?

MR. PERKINS: No, they didn't. I met extensively throughout the years with Governor Rendell while he was there. We've met with-- Like I said, there are seven contracts in the U.S. at the state level. My own state of Florida -- that has more coastal exposure than anywhere else in the United States -- New Jersey, the state of New York, and the other 43 combined -- they don't have -- there are no state contracts out. That's changing. California is going to be putting one out. It's an evolving process.

ASSEMBLYMAN BURZICHELLI: Could you offer -- and this is through the Chair -- could you offer maybe an opinion considering the circuit that you travel in your relationships with other emergency management people through the country -- and you explained in great detail how you build those relationships. And that's how business works. Did it surprise you that New Jersey did not have the readiness of a contract in hand for this type of event?

MR. PERKINS: Again, it surprises me that 43 other states don't have a contract in place. Obviously we're a proponent of that, because that's what we do for -- that's what we're engaged in as our primary business. Absolutely I believe that the State of New Jersey and the state of New York, and a lot of other densely populated states that have coastal exposure and are susceptible to other major types of disasters -- whether they're tornados or fires -- are clearly looking at what happened in these two states and deciding that they need to have a change of plans.

ASSEMBLYMAN BURZICHELLI: Chairman, I'd like to close out my question, again, for clarification on potential for reimbursement.

All the work you did through Louisiana, all those complicated issues that were faced -- and the nation watched as that unfolded and recognized that in post-Katrina -- what could have been done, but wasn't done -- there was no-- Your organization has not been audited by FEMA with regard to charges in any of those other previous engagements?

MR. PERKINS: When the Corps of Engineers -- and I have to answer it this way. When you're under contract, when there is a direct Federal mission -- and it's the contracting arm through the United States Army Corps of Engineers -- your client is the Army Corps of Engineers. The relationship is between the Corps of Engineers and FEMA once they're invited into the state. So that audit process is done in a transparent way between FEMA and the Corps of Engineers, not between the contractor and the state or municipalities.

ASSEMBLYMAN BURZICHELLI: So your organization has never had a look-back audit that required any kind of reimbursement?

MR. PERKINS: I didn't say we've never had audits. Audits are very common. Audits take place after every major disaster, after every community-- The Federal government will come in three months later, six months later, three years later and conduct extensive audits.

ASSEMBLYMAN BURZICHELLI: And who is responsible-- In the occasion where an audit occurs, and there is a determination that the price that was charged was not the correct price or not a reasonable price, who is responsible to pay?

MR. PERKINS: Pay the contractor?

ASSEMBLYMAN BURZICHELLI: Who pays the amount that FEMA is requesting to be paid back, reimbursed?

MR. PERKINS: We have no direct relationship with FEMA. Our client is who we're working for, and they're responsible to make payment.

ASSEMBLYMAN BURZICHELLI: So the municipality would pay any overcharges.

MR. PERKINS: Would pay, I'm sorry?

ASSEMBLYMAN BURZICHELLI: The municipality in New Jersey would be responsible for any overcharges that FEMA should determine occurred during your relationship with that municipality.

MR. PERKINS: Assuming there were any overcharges. The city or the township is obligated to pay us, regardless of whether they get reimbursed or not.

ASSEMBLYMAN BURZICHELLI: Okay.

I'm going to read you a sentence. In summary, it says, "Applicant piggybacked on the city of Boca Raton to (indiscernible)

contract with AshBritt Environmental following a 2004 hurricane. FEMA reduced the amount of the applicant's request by \$519,000 because it determined the costs not to be reasonable."

MR. PERKINS: That was overturned on appeal.

ASSEMBLYMAN BURZICHELLI: So that--

MR. PERKINS: That's not accurate.

ASSEMBLYMAN BURZICHELLI: Okay.

MR. PERKINS: It was accurate as you read it when it was written, but today it doesn't stand accurate.

ASSEMBLYMAN BURZICHELLI: Okay. So for my understanding, any overcharges that are determined to have occurred would be born solely by the State of New Jersey or its municipality. Two years from now, when FEMA goes back and reviews all of this and says, "You piggybacked on a contract. We're now going over the details. You know what? That really wasn't reasonable--"

MR. PERKINS: What FEMA will do is, when they come in and audit, they will determine if there were any costs that were unreasonable, and they make their decision. It's not called *overcharging*.

ASSEMBLYMAN BURZICHELLI: I'm sorry. Okay.

MR. PERKINS: They look and determine reasonable cost, reasonable pricing for the work that was done during the timeline and magnitude of the event.

ASSEMBLYMAN BURZICHELLI: So then, Mr. Perkins -- and this is not a combative question. I don't want to bring my friend Assemblyman Bramnick out of the chair. But the fact that then we have, in review-- We've entered into a contractual relationship that FEMA suggests

doesn't occur under circumstances where it's possible to avoid, and the time factor in doing such a thing. So we enter into a State contract. Our municipalities chose to participate in the State contract based on the good faith that we've done our job here at the State House in reviewing the details of it. So there's a freedom to enter into it.

Now the engagement begins. You do very hard work. There is no question about the effort being made. Not for a moment is that being suggested. So there could be a time bomb sitting here that, two years from now, one of our communities that have been impacted, has paid the cleanup, finds that they're presented with a request to reimburse FEMA for charges that have been engaged here that otherwise should not have been engaged because the price was not reasonable.

Is that possible to happen?

MR. PERKINS: Anything is possible with the person writing the check. But that doesn't just apply to our contract. That applies to every category -- all the decisions that were made by local governments, including all the time for emergency responders, all the overtime, all the critical infrastructure. This thing is going to be audited up, down, and sideways. And our portion of the audit that's going to take place in New Jersey, on the billions of dollars the Federal government has spent in the State of New Jersey -- putting the state of New York aside -- it's a lot of money. I'm not trying to minimize that. It's going to be \$150 million, plus the work that we've just started on all the waterway cleanup. And that was a bid situation here in the State of New Jersey. So the audit is going to take place on billions of dollars worth of money that the Federal government put into the State of New Jersey, not just our \$150 million.

ASSEMBLYMAN BURZICHELLI: And, Chairman, I want to close on this.

Mr. Perkins, you did mention that this item in Boca Raton that I cited was, in fact, worked through and overturned on appeal. When an appeal is raised, who pays for the cost to make the appeal, the municipalities, or were you holding them harmless for point of defending your charges, if, in fact, it occurs?

MR. PERKINS: Well, first of all, any contract that any municipality enters into anywhere -- if there is any type of contingency language -- "You pay us if you get paid" -- would automatically void the contract, regardless of what the price is.

ASSEMBLYMAN BURZICHELLI: So who defends in the appeal? I mean, who pays for the appeal?

MR. PERKINS: What we do is, because we conduct business at the highest level, we do -- and we are the best at what we do. In our preplanning, in our exercise meetings with clients, any time there is a question on audits and reimbursement, we send in our technical team -- former employees of FEMA at high levels as our consultants -- and we send them into our communities and work with them to go through the appeals process, work through the project worksheets, prepare them at the several levels of appeals that take place.

ASSEMBLYMAN BURZICHELLI: All right.

Chairman, first of all, thank you.

And I want to thank Mr. Perkins and his group, and I mean it sincerely. These are different times for us. And as we pursue this -- this questioning -- we want to be better prepared for the next one. That doesn't

mean you're not going to be here; although we're enjoying talking to you, we hope we never see you again -- that we never have such circumstances.

But there is an open question here. There are going to be days, after this hearing -- there are going to be reviews of what's taken place. And we're very hopeful that you're confident that the price is reasonable and, in fact, holds in the long run. Because our municipalities can't take a second hit. And two years from now, if we get presented with charge-backs, we're not going to be in a position to handle them. So we're all hoping everything is where it should be. We don't point a finger at you in any way. We're glad that you're here. How you got here is a question that none of us know, but you're here.

So I thank you for your time and look forward to the rest of the discussion today. And if the answers can be shorter, there may be more questions. And you're good with the answers, so you may not have to go as long.

MR. PERKINS: I'll shorten them up.

ASSEMBLYMAN BURZICHELLI: Thank you very much.

MR. PERKINS: Thank you.

ASSEMBLYMAN RAMOS: Thank you very much, Assemblyman Burzichelli.

I just want to-- Since *piggyback* seems to be, like, the operative word of the day today, I will piggyback off of Assemblyman Burzichelli. Really quickly, one of the questions -- or directions he was going in terms of the FEMA reimbursement -- and potentially putting it at risk. Not that it's at risk, but the potential the risk does exist -- the reimbursements.

There was a contract oversight -- a bidding process for oversight was issued by the Administration on November 1, and that was awarded November 2. That's a pretty quick turnover. Could that same turnover be done in this instance, as opposed to piggybacking off someone else's contract in this situation? Was that possible? On November 1, the contract went out to bid for oversight. On November 2, it was awarded. Can that same turnover have been based in this situation -- opposed to potentially putting it at risk with the piggybacking?

MR. PERKINS: Absolutely not.

ASSEMBLYMAN RAMOS: Why?

MR. PERKINS: You're talking about contract oversight -- if you will -- a CM approach. And you're talking, with all due respect, to the firms that provide those services. You're talking about just people -- just moving people from Point A to Point B -- the three firms that had the contracts.

ASSEMBLYMAN RAMOS: I don't think-- I'm sorry, I don't mean to cut you off. We're not moving people right now. We're just moving words and contract language from one day to the next. We're not moving any trucks, not moving any individuals for placement. We're just talking about going out to bid, your company receiving this bid, and then responding to that bid. Here we have a 24-hour turnover. Not people, not trucks, not bringing anyone in from any other places -- nothing of that sort. This is 24 hours -- not possible.

MR. PERKINS: Not possible.

ASSEMBLYMAN BRAMNICK: Mr. Chairman, could I request that we go back?

MR. PERKINS: I can expand for 20 minutes.

ASSEMBLYMAN RAMOS: I'm saying it's your business. I've never done a contract to bid with you guys.

ASSEMBLYMAN BRAMNICK: Could we go back? We've had three Democrats in a row. All I'm--

ASSEMBLYMAN RAMOS: You're going next.

SENATOR GORDON: I'm turning to you next.

ASSEMBLYMAN RAMOS: You guys are going next.

So you're saying that's not possible in this instance? You would not have the capability to respond to a bid in that timeframe?

MR. PERKINS: If you were to put out a bid for the services that we provided, you would have had 50, 60 different respondents at a minimum -- including all local New Jersey contractors -- who don't meet the criteria for this type of work.

ASSEMBLYMAN RAMOS: I don't mean to cut you off again. What if New Jersey just pretty much copied and pasted what Connecticut already had existing? Because pretty much we went -- those rates -- very similar pricing, maybe a little negotiation in there in the mean time -- if we just -- it's very -- obviously same contract as them -- just took their parameters and put them into this criteria here for New Jersey's purposes.

MR. PERKINS: When you follow FEMA guidelines for reimbursement, prior to a disaster, for pre-positioned contracts there are also guidelines that have to be followed. There are line items -- several line items -- six, seven, eight line items of noncost factors put out by the Federal government -- FEMA -- that need to be followed, with price put aside. To conduct an RFP to that extent, that would apply to the work that needed to

be done after Hurricane Sandy -- to that extent -- would have taken, at a minimum, 60 days.

ASSEMBLYMAN RAMOS: Thank you.

MR. MOSKOWITZ: Assemblyman, I'd like to add something to that.

The answer is no.

ASSEMBLYMAN RAMOS: I got that.

MR. MOSKOWITZ: Also what you're suggesting, because I want to put it in context -- is it doesn't happen. Right? New York didn't go out to bid; Joplin, Missouri, didn't go out to bid; Tuscaloosa didn't go out to bid; Katrina (*sic*) didn't go out to bid. So what you're suggesting just doesn't happen. That's the first thing.

The second thing is that New Jersey did do a bid, which was part of the deal they worked out with FEMA at the time to allow our contract to proceed. That bid was a several-week process. So I can't comment on if they could have done it in 24 hours. What I can tell you is, what you're suggesting does not happen.

ASSEMBLYMAN RAMOS: You're saying the first point of contact was several weeks before the storm actually hit? Is that what you're stating?

MR. MOSKOWITZ: Say that again, sir.

ASSEMBLYMAN RAMOS: The first point of contact with the State of New Jersey was several weeks prior to the storm hitting? Because we heard testimony earlier today that didn't allude to that fact. When the storm was coming there was a reach out?

MR. MOSKOWITZ: No, no, what I'm saying to you is -- in going back to Senator Buono's question.

SENATOR BUONO: Buono. (indicating pronunciation)

MR. MOSKOWITZ: Buono. (indicating pronunciation) I apologize, Senator.

When our contract was put into place, we were filling out all these documents with the State of New Jersey.

ASSEMBLYMAN RAMOS: Yes.

MR. MOSKOWITZ: During that time, the State was having a dialogue with FEMA. They were at the table. And before the State -- because I was there. I was part of the conversation. Before the State would proceed with our contract, they specifically asked FEMA -- the deal that was struck was, "You can proceed with the contract, but you then need to go out to bid." The State of New Jersey did that.

You asked, could they turn it around in 24 hours? You have your answer. The State couldn't. The bid that the State did took weeks. It came out, I think, in early December. It wasn't awarded until mid-January. So my point is, you asked if it could be done in 24 hours. The answer is no, and you have the history here.

ASSEMBLYMAN RAMOS: Now, the prior summer we also had Hurricane Irene -- the summer before. And DEP sent out guidelines to other municipalities that they should be prepared for this instance. I just find it ironic that our State wasn't prepared by their own advice -- be prepared for this instance. That's not a question to you guys.

That's it. I will turn it over.

MR. PERKINS: Are you aware that the State of New Jersey spent \$62 a cubic yard for the services that we provided for \$21.25, and they were deemed reasonable by FEMA, and the bills have been paid?

ASSEMBLYMAN RAMOS: In Irene?

MR. PERKINS: Yes.

ASSEMBLYMAN RAMOS: That's what I'm saying. We should have had a contract after Irene took place. That was my point.

MR. PERKINS: Unfortunately, you're probably correct. And I would assure you that-- Well, there's a contract in place now.

ASSEMBLYMAN RAMOS: Exactly, especially when DEP required other municipalities to have something in place so they don't pay \$62.

MR. PERKINS: With all due respect, I wouldn't draw the damage in the catastrophic nature of Hurricane Irene and Hurricane Sandy. They're not even remotely close.

ASSEMBLYMAN RAMOS: Thank you.

ASSEMBLYMAN BRAMNICK: I just have a question, Mr. Chairman.

If this was the process in October of 2012, the debris would still be on the ground in this state. So could we move this along and get to the operative issues?

SENATOR GORDON: We're moving this along. In fact, I'd like to turn it over to my friends on the minority side.

Senator Kean, do you have a question?

SENATOR KEAN: Thank you, Mr. Chairman.

First, I want to push back, through the Chairman, on the notion that has been stated once or twice by members on the other side that this state was “unprepared.” That is simply not true. This state had a number of options to pursue when the storm was bearing down and then when it hit. But this State was well-prepared throughout the course of the storm. The reaction was done extraordinarily well by this Administration, by the Federal Administration, by mayors, freeholders, and everybody up and down the line -- by fellow citizens helping their neighbors out. So to say this state was “unprepared” is an inaccurate assessment.

Secondly, if I may, through the Chair, could you please tell us how much of your work in New Jersey is done as of this date?

MR. PERKINS: To date we have finished -- 45 are 100 percent complete -- 45 of the 51 municipalities -- of those remaining 6, we're 99 percent done.

SENATOR KEAN: So does it surprise you that on March 6 of 2013, there is a *Newsday* story that states, “Fire Island Sandy Debris Removal Begins”? This is an issue that happened -- and they were talking to -- FEMA tasked the Army Corps to remove debris from Fire Island on November 24. So this is nearly a month after the storm hit initially. FEMA reacts three weeks later, and only on March 6 of this year, according to *Newsday*, is Fire Island just simply starting. That's an experience that the citizens of the State of New Jersey just simply haven't had. Is that an accurate assessment?

MR. PERKINS: Yes, it is an accurate statement.

SENATOR KEAN: Under the contract you pursued.

MR. PERKINS: I'm sorry?

SENATOR KEAN: Under the contract that we've talked about -- the emergency based contract that we pursued -- this is a fundamentally different experience than was experienced under the towns in which you've been operating.

MR. PERKINS: Right. I mean, what the Corps of Engineers did there is, under their guidelines they put out several bids for small business and various other things we promote and we endorse. We think it's a great idea. However, they put the bid out. Well, first of all the bid was held up for weeks because of questions and answers -- local contractors and people who aren't engaged in this business on a day-to-day basis -- they bombarded the Corps of Engineers with questions that have to be answered. You go through that process.

Once they try -- they award it, the protest procedures begin. So when you get into these situations, unfortunately trying to get work done can be drug out for weeks.

And the one thing-- And I'm going to go off cue for just one second. When you talk about -- the State of New Jersey wasn't prepared, and they weren't ready for prime time, or they weren't ready for game time-- If I'm a local government emergency manager hearing you say that, or the public works director, or the fire chief, and the police department, I'd be pretty insulted right now. Because you can only plan, and you can only train, and you can only do so much. So take this off the Administration level. Disaster response starts at the local level, not just in New Jersey, all over the country. So I don't think it's fair to characterize the State of New Jersey as unprepared. Because what you're doing is you're telling your fire chief, you're telling your police chief, you're telling the public works

director and all those employees who have worked 20 or 22 hours a day trying to recover from this major catastrophic event that they didn't do their job. And that is just not fair.

SENATOR KEAN: And so, through the Chair, we agree that the people of New Jersey were prepared and responded positively in ways that FEMA -- the head of FEMA and others have stated they have just not seen before -- whether it's neighbor helping neighbor, family helping family, fire chief helping citizens, police chief, all the way up to the Governor. So that integration and that success was very well--

SENATOR BUONO: Mr. Chairman, I have to interject because, with all due respect--

SENATOR KEAN: The second issue is--

SENATOR BUONO: --he's mischaracterizing what the testimony was. No one ever said New Jersey was unprepared. We said that this Governor, by not having--

SENATOR KEAN: Through the Chair, you did.

SENATOR BUONO: Pardon me?

SENATOR KEAN: Through the Chair, you did.

SENATOR GORDON: If I could just weigh in for a moment--

SENATOR BUONO: I did not. What I said was that this Governor, by not having an emergency preparedness contract in place in the aftermath of Irene, when a whole year had passed, was ill-prepared. That's correct.

SENATOR KEAN: I would disagree with that assessment, fundamentally.

Through the Chair, if I may, part of the issue that AshBritt and others who would compete for these types of contracts-- Part of the reason that they were -- that they (indiscernible) to be hired -- hired as an option for local municipalities to have.

And getting to the core point here that's been raised so far on the reimbursement issue-- Through the Chair, if the forms and other procedures are done inaccurately, you're increasing the likelihood that the reimbursement would be blocked by FEMA. So giving your earlier testimony regarding that there are -- not only at the State but on the Federal levels -- where there are 900 pages of forms to fill out, real time, getting arguably the best in the business who can efficiently respond to these (indiscernible) actually increases the likelihood of FEMA reimbursement, doesn't it?

MR. PERKINS: Absolutely, without question.

The focus, sometimes is, "Well, so and so, or this company said, 'We can do it cheaper. We can do it for this price.'" You brought up Ceres. And in the respect of time, Ceres were the ones who sent the letter to the government -- "We could have done it cheaper. We want to be involved. Why aren't you letting us into the--" I'm sorry, to the Administration, the Attorney General's Office -- lawyers doing everything that they can.

"The U.S. Department secures more than \$1.5 million in back wages for Hurricane Katrina and Rita workers. Ceres Environmental Services, headquartered in Minnesota, has agreed to pay \$1.5 million in back wages for not paying their contractors" -- and various other reasons -- "properly." "Wages of 2,256 former debris removal workers--" Those could

have been New Jersey contractors. And let me also state that Ceres Environmental -- the principal there -- we used to be partners. So there's a little bit more behind the scenes to what Ceres has to say to some of the things that have happened. There was a very nasty protracted litigation between the two firms. I think we won because we're the number one in the business in this country. And it goes on.

And if I may, "Parish officials in Jefferson Parish, where Ceres is under contract--" "Both low bids -- \$10.50 a cubic yard to haul off storm debris--" And that's part of the problem. This is coming from the elected officials in Jefferson Parish after Hurricane Isaac which, in all due respect, compared to Hurricane Sandy was nothing more than a wind storm. So you've got a contractor who says they can do work cheaper than we can in the State of New Jersey -- who, based on AP reports, in Jefferson Parish, Louisiana-- I mean, I can go on. Elected officials -- "Council members said they fielded plenty of complaints from constituents," who, by the way, are the ones-- What do elected officials want to do? They want to get reelected again. "Complaints from constituents. Some are simply confused by the different number of contractors in their Parish." I mean, it goes on. And we all know it's much cheaper to do business in Louisiana than it is to do business in New Jersey.

The point is, you cannot just sit here and draw some type of arbitrary conclusion that \$21.25 was not reasonable and the work could have been done for \$8, or \$10, or \$12. The fact is: The contracting base in this state -- your local contractors are some of the best contractors that we've ever worked with in this entire state. They're professional, they've got great equipment, they're operators, the way they're run. I mean, it's

unbelievable. But with that comes a price of doing business. They can't work for what the guy from Alabama can. They can't work-- When the company from Alabama pays their driver \$8 an hour and your companies here pay fair wages to their employees, it costs more to do business. How am I supposed to tell the New Jersey contractor, "Where Ceres says I can do it for \$10 a yard--" who, by the way, we're paying, off that \$21.25, up to \$15 a yard off that line item. So you're going to sit here and you want me to tell your New Jersey contractors, "Hey, if you're \$10 a yard, you have to work for \$7." You would have had riots in the streets. Your contractors can't work for unreasonable prices. We pay our contractors almost double what other companies say they can do the work for. I mean, it's simple math. It doesn't work.

SENATOR KEAN: Through the Chair, if I may, in closing, I think what was very clear there -- not only the fact that the extraordinary percentage of clean up that has occurred today versus our neighboring -- Fire Island, where they just started really earlier this week. We hired professionals who had the capacity to get it done. And now, just a couple months after the storm, we're far, far further along than anybody would have thought possible.

So thank you and those with whom you worked, both professional and also the partners you had at every level of government, that made that partnership work well.

MR. PERKINS: Thank you.

SENATOR GORDON: Thank you, Senator.

Senator Weinberg, did you have a question?

SENATOR WEINBERG: Yes, I have a few questions.

Thank you, Mr. Chairman.

Thank you, Mr. Perkins.

Let me just make my own little statement. There are really three things I'm interested in. And that is: Should we have had our own contract in existence in the State of New Jersey given our experience with Hurricane Irene and with the famous Halloween storm? Did we get the best prices for the work that had to be done? And were our residents protected environmentally with the way the work was carried out? Those are my parameters.

I don't think they have anything to do with partisan politics. They have to do with making sure that our taxpayers are getting the best possible service for the enormous amount of money that we are rightly investing into the fixing up after Hurricane Sandy. And I don't think there is anybody on this Committee, on either side of the aisle, who would suggest that the people of New Jersey were unprepared to meet, head-on, everything that was thrown into their pathway. We know that they stood up -- whether you're talking about our first responders or neighbors or, in fact, our Governor, in the way he was a public face of the storm.

But I'd like to go back to the timeline here. You testified earlier to a question about the timeline -- that you immediately got here. What does that mean, *immediately*? Was it when you first heard reports about the impending Hurricane, the day of the hurricane? Could you be a little more precise?

MR. PERKINS: Yes, I can.

Because we had contracts in place up the entire eastern seaboard, we went into full activation mode. Because at the time, as

everybody recalled, where this thing was going -- where the Hurricane was going was not exactly sure, although most models still predicted New Jersey and New York, which was ultimately true. However, as we were-- So we started mobilizing personnel, equipment, and resources starting in Virginia, Maryland, Delaware, Connecticut, and Massachusetts. And at the same time, as I stated earlier, knowing that the majority of local governments in both the State of New Jersey and New York -- neither one of the states had existing state contracts in place -- we started preparing to be in place, to market our efforts with local governments throughout both states prior to -- probably 48 hours before.

SENATOR WEINBERG: I'm sorry, what?

MR. PERKINS: Forty-eight hours before, we activated that phase of our operation.

SENATOR WEINBERG: Could you be more precise? Did you come here on October 27, on October 30, October 28? Could you give me an approximate date?

MR. PERKINS: Specifically in New Jersey, I got here the day after the Hurricane, which would have been the following day -- the 30th. However, we had hundreds of personnel, and subcontractors, and equipment mobilized throughout the entire east coast at the time.

SENATOR WEINBERG: Maybe I should be a little more precise in my questioning. When did the people who represent AshBritt come to New Jersey to negotiate being the contractor for debris removal?

MR. PERKINS: Within 12 hours of landfall we had our personnel, and operations, and marketing team in the State of New Jersey

trying to locate and visit with the various staff and elected officials of all the towns that were impacted.

SENATOR WEINBERG: So that's when you started negotiations with Administration -- on October 30?

MR. PERKINS: No, our initial focus-- Those operations kind of ran parallel to each other. We were meeting, first and foremost, with the local governments, because most disasters, if there is not a state contract in place, obviously are contracted or pre-positioned with the local government. So as we were meeting with the local governments, we were also presenting our contract to the Administration to see if there was a possibility to put our state contract in place -- put our Connecticut contract in place for the State.

SENATOR WEINBERG: And you met with the 51 local governments-- Did you sign individual contracts with those 51 governments?

MR. PERKINS: Yes, the State contract was just a vehicle -- procurement vehicle. Every single one of the municipalities had to enter into their own contract with our company.

SENATOR WEINBERG: So you did not-- When you started to reach out to these local governments -- if I understand what you just said -- you reached out to the local governments before, in fact, the State piggybacked onto the 2008 Connecticut contract.

MR. PERKINS: Yes, that's correct.

SENATOR WEINBERG: So at what date do you think you started reaching out to the local governments?

MR. PERKINS: We actually started making phone calls to the local governments, not just in New Jersey -- New York and other communities -- prior to the Hurricane. Listen, in our business we know who has contracts and who doesn't.

SENATOR WEINBERG: Okay. So you started selling your services prior to landfall on October 29.

MR. PERKINS: That's correct.

SENATOR WEINBERG: Okay. I only bring that up to figure out the timeline. We can put contracts in place without going out to advertise. There are such things under bidding laws in the State of New Jersey called *emergencies* that are meant just for occasions like this -- so that you put out a request for proposal, you ask quickly for return. Could we not have used the -- during those days before the storm -- maybe even used the parameters of the 2008 Connecticut contract and done our own contract?

MR. PERKINS: The answer to that question would be yes. But as I stated earlier, it took the state of Connecticut-- Once the RFPs were received under -- it was actually six months, not 90 days -- I was just corrected -- to go through the evaluation process to get that awarded. I will also tell you, under the mandate that the Administration -- the agreement they made with FEMA and the Federal government, they were to put out a bid. The State put out a bid. They advertised it locally, nationally, through their regular procurement process, and only one New Jersey company submitted on that RFP, and they did not make the short list because they didn't meet the minimal requirements that the State and Federal government have for these types of services.

So what I would respectfully say is that in this procurement competitive process that we're talking about now-- When it was finally put in place after our contract was signed, ultimately the State had to go with the national companies that respond to this on a day-to-day basis. And no contracts were awarded to New Jersey companies. And, in fact, only one felt that they could even qualify, and that's why only one company submitted.

You've got some major road builders, bridge builders, subway builders, some of the biggest and best civil contractors in this entire country in New Jersey. They all got the RFPs; they all saw the advertisement. And internally they all made the business decision that, "We don't qualify," therefore they didn't submit.

SENATOR WEINBERG: Did the State of New Jersey actually sign a contract with AshBritt?

MR. PERKINS: Yes, they did.

SENATOR WEINBERG: Okay. But you testified -- I think you testified a little earlier -- that the State did not have any right to negotiate any prices downward in signing the contract with you, that they were bound by the 2008 prices in Connecticut.

MR. PERKINS: What I stated, and which was accurate, is once you have a definitively priced contract with fixed line items in it, you're not allowed -- the State of New Jersey, any municipalities, or anywhere else in the country are not allowed to negotiate those competitively bid prices. And to tell you the truth, I wish we could have. Because on some of the line items I needed to go up because we actually lost money.

SENATOR WEINBERG: Well then tell me a little bit about the State of New Jersey's contract with you. Does that contract just say we're doing everything that the Connecticut contract did?

MR. PERKINS: The state contracts -- whether the state of New York-- When a state puts out a comprehensive contract, it's not just for the services -- debris removal, vessel removal, hazardous waste. They're very comprehensive -- emergency power, i.e. support services, logistics -- everything that you can imagine is needed. There are multiple line items to these contracts. Obviously we're focusing on the ones that we should be talking about, because that's where the money is spent.

And when a state puts out a contract, the state is not arbitrarily coming up with the language or the line items. These are directives that are put out from FEMA, from Emergency Management, and these things, and through the state. So no matter where you go in the country, there are a lot of similarities between the state contracts. Obviously there are differences based on geographic locations. The cost of doing business in California is much different than Louisiana -- similar to a New Jersey.

I'm sorry, I forgot your question. (laughter)

SENATOR WEINBERG: Well, I'm trying to find out -- maybe if you could just sort of try to confine yourself to answering the question you might have less trouble.

MR. PERKINS: That's hard. I'm sorry.

SENATOR WEINBERG: What I'm trying to find out is, what was-- How does the State contract reflect the Connecticut contract? Did it add things, did it subtract things? What was the date of the signing of the State contract?

MR. PERKINS: The contract with the State of New Jersey mirrors to the *T* the language in the Connecticut contract. And it was signed two days after.

MR. MOSKOWITZ: The contract was signed on the 31st.

SENATOR WEINBERG: Okay. Two days afterward.

You quoted, I think, a press report -- maybe it was about Alabama and another company, and how they had to pay back wages, etc. I'm going to quote from another press report which might be equally accurate or equally inaccurate.

MR. PERKINS: Okay.

SENATOR WEINBERG: "Press reports indicate however--" And this is based on a 2011 Connecticut problem. "Press reports indicate, however, that many towns in Connecticut saved millions of dollars by arranging for their own clean up rather than relying on AshBritt for the work." And that was based upon a severe snowstorm that took place in early 2011. So I'm reading another press report that, three years after the famous -- or infamous -- 2008 contract, even towns in Connecticut found a cheaper way to do the cleanup.

MR. PERKINS: I'm sure as elected officials you know that newspapers tend to run wild with things that are completely inaccurate.

SENATOR WEINBERG: That's why I said equally accurate or inaccurate to the press report you read.

MR. PERKINS: The facts on what you just said were-- There were three towns that went out to bid out of the several dozen in the state of Connecticut, and they too went out to bid substantially after the impact of those major, major snowstorms that just created and wreaked havoc in

both the state of Connecticut and Massachusetts. And you're accurate. They did come in at cheaper, in the weeks after, than our price with the state of Connecticut, mainly fueled by competitors and some of the same things that you're seeing here in New Jersey. But I will state again that the Federal government, the checkbook, the arbitrator, the judge, jury, and executioner decided that our price under the state of Connecticut was reasonable. So all the towns and municipalities that we were contracted to work for -- which was 98 percent in both Connecticut and Massachusetts -- have been reimbursed the full amount of our contract.

SENATOR WEINBERG: Under the State contract, were you allowed to use unlicensed (indiscernible)?

MR. PERKINS: Absolutely not.

SENATOR WEINBERG: Absolutely not.

MR. PERKINS: That's correct.

SENATOR WEINBERG: Okay. And so the one particular case that we read about was an aberration?

MR. PERKINS: No, that's not. And I'm sure, with no disrespect to any of the Committee members who don't understand how the 901 process worked, it's a very lengthy process. As was stated earlier, there are thousands of pages.

Our requirements under our contract -- and DEP is the agency that enforces this, and they were actually the one who was our contract administrator. So we reported to DEP because they issued the contract. Obviously we were under contract with the municipalities indirectly. Once a contractor is issued a 901 permit, the contractor that you're talking about

worked under Central Jersey Waste. So from our contract requirements, and from our legal perspective, that contractor had a 901 permit.

The following process that we have to do to make sure that we're following all the rules and regulations-- And we did. We complied with that. We have-- Unfortunately for us, we have no ownership of the 901 process and how they're issued from DEP to another contractor, who then hires another contractor to work for them. So the 901 permit, from our requirements-- We followed all the rules and regulations set out by DEP. The only other way that we have to determine if we have a contractor who is working for us who should not be working for us is, we have to go back to the book and check -- which, in New Jersey, the book is about that thick -- of contractors who have been debarred. The contractor you're referring to was not in that book as a contractor being debarred. So when we went through our checks and balances, and we communicated to DEP -- they had a list every day of who we hired, who we were adding, this and that. We went through this diligently. We had an entire team that did nothing but go through this process to make sure. And since they weren't on the list of being debarred, and they already had a 901 permit because they had been working for years under this waste company, we did everything we could do meet the obligations of our contract.

SENATOR WEINBERG: Okay. So you signed a contract two days after the storm -- roughly October 31, and you didn't get here until October 30. So all of that was done in 24 hours, or am I misunderstanding something here?

MR. MOSKOWITZ: So the way it worked is, we were negotiating-- The contract is about six pages long that we have with New

Jersey -- the documents that they added. The Connecticut gets merged in. So, yes, all the terms that don't supersede what New Jersey put in -- all the Connecticut terms apply. It becomes your contract. It basically becomes your terms. New Jersey insurance requirements are used, not Connecticut. So where it supersedes, it's New Jersey.

So what happened was, yes, while the six-page contract was signed on the 31st, all that other documents that I'm talking about was still ongoing, A-901-- We all had to be fingerprinted, we all had to go through the background check. The FBI--

SENATOR WEINBERG: And I remember, too, what business your mother-in-law was in.

MR. MOSKOWITZ: Right, exactly. So all of that processing went on for several days -- filling out 900 pages, getting an A-901 in normal circumstance--

SENATOR WEINBERG: I speak as a mother-in-law, by the way.

MR. MOSKOWITZ: --usually takes about six months, and so we had to do it in four or five days. So that was a 20-hour-a-day process -- getting all those documents in place.

The one thing I want to add on your questioning with the previous contractor -- that issue -- is, you know, New Jersey has an interesting process, which is this A-901. You're the only state where we've ever dealt with this process. And we did everything we could.

What Randy was saying was that one contractor can use another contractor's license. So that one contractor who was operating

didn't go through the A-901 process, didn't go through the background check. And so they slipped through the A-901 program.

SENATOR WEINBERG: I actually understood what Mr. Perkins said. Thank you.

MR. MOSKOWITZ: Okay.

MR. PERKINS: Thanks for clarifying that for me though.

SENATOR WEINBERG: I want to just stay on the timeline for a moment, because it just doesn't quite make sense to me that you just arrived here the day after a huge storm, when we didn't even have communications in many places. And within 24 hours you had a State contract without any discussion, or any premeetings, or putting people on the ground. Maybe there is something wrong with the way I'm viewing this.

MR. PERKINS: You're correct. Your timeline is accurate, first and foremost. But as I stated earlier, we go into full activation mode -- and we did that prior to -- all up the eastern seaboard.

SENATOR WEINBERG: What does that mean?

Excuse me, Mr. Perkins. What does that mean, *full activation*? You sent people to New Jersey (indiscernible) we know we're going to have a big storm? What does that mean. Do you meet with the Administration, do you reach out to towns? What does that mean?

MR. PERKINS: When a company at the level that we operate -- and you can mirror it the same way the Federal government -- Army Corps -- they start prior to a disaster, when they know it's going to hit. And sometimes it doesn't. But they start moving ice, they start moving water, power generation, logistical services. The Corps of Engineers starts bringing

in personnel, and other agents start moving personnel from around the country, getting them close to the area that is going to potentially be impacted. Because you have to. You can't wait until after the fact to try to get ready to operate. It just doesn't work that way. And a lot of times you're stood down because the hurricane goes in the Gulf of Mexico, it dissipates, weather patterns change. So as a company, knowing that we have the contracts that we had all up and down the eastern coast, we start a process, we go into an operational mode if you will, our teams come together, we notify our subcontractors, we start activating our reserve personnel, and then we dispatch them out to the areas that we're under contract in, which was Virginia, Maryland, Delaware, Connecticut, Massachusetts. We have people and personnel sitting in the emergency operations center coordinating the activities prior to a disaster.

ASSEMBLYMAN BRAMNICK: Mr. Chairman, I have a question. We've been here for two hours. We've had one Republican ask questions. That's two hours. If this is a fact-finding, nonpartisan hearing--

SENATOR WEINBERG: I believe, Mr. Bramnick--

ASSEMBLYMAN BRAMNICK: I would simply ask-- I'm simply asking for the opportunity for my side of the aisle to ask questions within the first two hours of the hearing.

SENATOR GORDON: I'm going to do my best to try to achieve some parity here.

ASSEMBLYMAN RAMOS: Assemblyman Bramnick will be the next speaker.

ASSEMBLYMAN BRAMNICK: Well, we've had five Democrats ask questions and one Republican. That doesn't seem fair.

ASSEMBLYMAN CAPUTO: I haven't had a chance.

ASSEMBLYMAN BRAMNICK: Mr. Caputo will go after the Republicans.

SENATOR GORDON: I'm going to give everyone a chance.

SENATOR WEINBERG: My good friend across the aisle, I'm sure you'll make up for every Democrat on this side of the table.

But I really am trying to get some facts here.

ASSEMBLYMAN BRAMNICK: And I understand that. It's nothing with respect to your questioning. It's simply five Democrats, one Republican indicates to me that's not a fact-finding hearing; that's political theater.

SENATOR GORDON: You're going to have an opportunity to uncover some facts.

SENATOR WEINBERG: I will try to finish up to make sure everybody gets their equal time here.

Again, full activation-- I know you put contractors in. You don't talk to anybody. You didn't talk to anybody in the State, you didn't talk to any of the 51-- Well, before I-- Let me go back to the states that you mentioned. I guess Virginia, Massachusetts, Connecticut, Delaware, etc.-- Are those all states that you have contracts with?

MR. PERKINS: Yes, they are.

SENATOR WEINBERG: Oh, so those people you would naturally reach out to.

MR. PERKINS: Not naturally. They activate our contracts a day or two out. Once the state or local government -- anywhere we have a

pre-position contract with -- activates and opens their emergency operations center, we are required, under our contract, to have personnel there.

SENATOR WEINBERG: Okay. I will -- since I know we're going to have future hearings -- and I do want to give my friends on the other side of the aisle, I'm sure, through the Chair, equal rights here -- I will ask that we get supplied-- I'd like to know the dates of the 51 contracts you signed with the 51 municipalities that Mr. Perkins said you had individual contracts with, and whether those contracts varied in any way, shape, or form from the parameters of the so-called *piggybacked* contract; and whether the contract you have with the State of New Jersey mirrors the Connecticut contract or adds to it in any way. And you can give me all those answers in writing afterward, in case you don't have them at your fingertips. And how you went about contacting those 51 towns. Did you contact 70 towns, or 60?

And let me just make one other point, because I'm not sure I heard you correctly -- and then I promise I will stop.

Mr. Perkins, I may not have understood you correctly. You thought there was only one other town that went out and did its own contracting?

MR. PERKINS: First of all, all the other information you requested, although it's public information, to facilitate your request we'll go ahead and provide those documents to you. And we can work out a timeline between Mr. Moskowitz and the Committee.

The other town that went out-- It was reported that Colts Neck went out to bid when, in fact, that's not accurate. There was a sole source contract. They did not go out to bid. Furthermore, the contractor

they hired did not have a 901 permit, so they clearly operated in complete violation of the law of the State of New Jersey. So it gets back to apples to apples, and what it takes to do business in New Jersey.

And, Senator, when you really start determining what reasonable price is-- Obviously a contractor that's working illegally in the State of New Jersey without their 901 permits-- Now, you want to talk about FEMA reimbursement and jeopardizing funds? It doesn't matter what they paid or how cheap they think they got it done, Colts Neck has a problem with reimbursement, not the other 51 municipalities.

And then to further answer your question, there was another bid that went out for haul-out in the county of -- what was it?

MR. MOSKOWITZ: Middletown.

MR. PERKINS: Middletown, for all the debris that we brought to one of these temporary dump sites. The town decided, which was within their right-- You know, "We've got the streets cleaned up, our emergency-- It's all done. AshBritt, you've done an A-plus, wonderful job. We're going to go ahead and bid out this stuff since it's sitting in a temporary dump site. We're going to go ahead and test those waters." Well, they put out a bid. The low bidder -- a company out of Florida -- submitted a bid that was substantially cheaper than the rest of the companies and had to bow out of that process and ask that their bid not be considered. And it ended up going to a New Jersey company, which was a good thing, at very, very close, almost similar rates that were under our existing Connecticut contract. So I would tell you that, in that situation, they went out with a competitive bid, which was a good thing because that will show the Federal government -- in what I agree will be a little extra scrutiny because of our friends at the *Star-*

Ledger reporting the things they do -- it shows that in a competitive environment, our rates are completely reasonable.

MR. MOSKOWITZ: Mr. Chairman, if I may.

Are we able to take a five minute recess to use the bathroom?

SENATOR WEINBERG: May I just finish with one more press report, if I may?

Howell Township, using FEMA's guidance, spent \$3 million on debris removal, paying contractors at the rate of \$8.50 per cubic yard.

But, anyway, I would be very pleased to get the information that I asked for from each of you. And I thank you for being here and for answering some of our questions.

Thank you.

MR. PERKINS: Thank you.

SENATOR GORDON: We're going to have a five-minute recess in deference to the witnesses.

And then we're going to follow, when we reopen, with follow-up questions from Senator Buono, and then we're going to Assemblyman Bramnick and Senator Kyrillos.

SENATOR KYRILLOS: You know, Mr. Chairman, I really object to that.

ASSEMBLYMAN BRAMNICK: You're going back to Senator Buono?

SENATOR KYRILLOS: You should ask every member of this Committee for their remarks -- for questions -- before you repeat with another member. I tried to make an opening statement -- you wouldn't let me.

SENATOR BUONO: Calm down; you can go first.

SENATOR KYRILLOS: This is an embarrassment.

SENATOR GORDON: We're recessed.

(RECESS)

AFTER RECESS:

SENATOR GORDON: Okay, we are back in business.

Assemblyman Bramnick.

ASSEMBLYMAN RAMOS: Assemblyman Bramnick, you can start us off.

SENATOR GORDON: Please proceed.

ASSEMBLYMAN BRAMNICK: Thank you, Mr. Chairman.

Thank you for being here, Mr. Perkins.

If I could take us back to October 2011 in order to frame these questions, because the questions I'm going to ask would be similar to the kind of questions I would be asking under the circumstances existing then, not the circumstances existing prior to a gubernatorial election.

Mr. Perkins, compared with those others in the business of national disaster recovery, where are you in terms of the size and scope and experience of your company? And, once again, keep it relatively brief because we're in the middle of a crisis here, where it's the most serious storm in the history of New Jersey. We have to make a decision. Tell us about your history. Are you capable of doing this?

MR. PERKINS: The answer to that question is unequivocally. yes.

ASSEMBLYMAN BRAMNICK: And tell us why-- Here we are in this crisis, where is your experience? What have you done before November 2012, or October 2012?

MR. PERKINS: As I stated earlier in my opening statement, we're done over \$2 billion worth of work in this industry. We hold more pre-position contracts in the United States than any of our competitors.

ASSEMBLYMAN BRAMNICK: Once again, I'm relatively simple. So when you say *pre-position*, you mean you have contracts where if there is a natural disaster you can react immediately without any negotiations, correct?

MR. PERKINS: Correct. This process is put in place prior to any event. It's basically an insurance policy without a premium.

ASSEMBLYMAN BRAMNICK: So in terms of major disasters, before Sandy, where had you worked, what have you done, in terms of names that we would be familiar with?

MR. PERKINS: Hurricane Isaac, Hurricane Opal, Hurricane Aaron, Hurricane Irene, Hurricane-- Every major disaster.

ASSEMBLYMAN BRAMNICK: Okay, so now--

MR. PERKINS: Hurricane Wilma.

ASSEMBLYMAN BRAMNICK: And when you saw what happened in New Jersey, how significant a disaster was that in comparison to what you had seen over the many years you've been in the recovery business?

MR. PERKINS: It was clearly significant. There was no question, based on the models that we were seeing, and because we are a Corps of Engineers contractor, and even some of the data that we have access to, we knew without question it was going to be major impact on landfall. And when you take in the situation -- with no disrespect to other states and the issues that they go through -- when you look at the density of population along the New Jersey and the New York coasts, and all the other factors--

ASSEMBLYMAN BRAMNICK: This was big.

MR. PERKINS: Big -- major.

ASSEMBLYMAN BRAMNICK: Okay. Financial resources-- Did you have to expend your money or did you -- or any other contractor we hired -- have to have the financial resources to start the process before you were paid?

MR. PERKINS: Before we received our first dime -- and this is nothing against the municipalities of the State of New Jersey -- we had spent, in subcontractor payments, over \$50 million. It will take us well into the end of this year or the first quarter of next year before the books are closed out and we receive the rest of our money.

ASSEMBLYMAN BRAMNICK: So how many other contractors, in your judgment, would have been able to expend that type of money in advance of being paid and coming into a disaster of the magnitude of Sandy?

MR. PERKINS: Short of somebody with our national expertise and our subject matter expertise in this business, and understanding the intricacies of the way the Federal government works, the reimbursement

process; knowing that what we're doing is right and reimbursable and reasonable -- not too many. Maybe a half dozen in the entire country.

ASSEMBLYMAN BRAMNICK: Okay. So now sitting here, we're looking at very few competitors that have your experience and size, correct?

MR. PERKINS: That's accurate.

ASSEMBLYMAN BRAMNICK: With respect to discussions and questions concerning competitive bidding, in the major disasters during the last decade, how many of those went out for competitive bidding? I'm talking about Katrina, or Tuscaloosa, or Joplin.

MR. PERKINS: Zero.

ASSEMBLYMAN BRAMNICK: And based on your experience, why was there not this kind of competitive bidding? We've seen these questions, the micro-management of each and every part of a contract. Why wasn't that done in the major disasters of this decade -- assuming there's no pre-positioned contract?

MR. PERKINS: Well, let me correct something that I just said at one point. A lot of those disasters were direct Federal missions, so Joplin, Katrina and those were missions of the Corps of Engineers, where they have us -- the five contractors, if you will -- in place already. So the way that works is once you're issued a contract, you negotiate pricing after the event with the Army Corps of Engineers. So there is no specific pricing in place until the event happens because you don't know the magnitude of the disaster. So there's a little more risk with pre-positioned contracts where you have to price things not knowing what the specifics are going to be from that specific disaster.

ASSEMBLYMAN BRAMNICK: Is it fair to say that the contract that the State of New Jersey had with you was only a vehicle that could be used by a municipality? Or, if the municipality decided to bid it itself, they could chose some other option, correct?

MR. PERKINS: Absolutely. And I think that's so important because I think what needs to be understood here is that all the Administration did, in my opinion, was-- Clearly-- Look, you elect officials at every level to show leadership, make decisive and quick decisions -- especially in an emergency. So that was a zero-dollar contract; it had this much value to it. The only value to that contract was each individual municipality, elected body, mayor, city manager, town manager, had to make the decision, "Do we want to utilize that tool to get to work?"

ASSEMBLYMAN BRAMNICK: So it's fair to say it was only a vehicle. It was not imposed on municipalities, and municipalities could freely go out and do their own bidding -- fair?

MR. PERKINS: Fair. But one important example -- I'm sorry.

ASSEMBLYMAN BRAMNICK: Go ahead.

MR. PERKINS: When Ocean County went out-- Ocean County, as you know, had an umbrella approach. The County Administrator brought every single town-- Most of the elected officials showed up, most of the staff showed up, and all decision makers. They brought them to the County Administration Building, and brought me there. I spent and hour-and-a-half to two hours explaining who AshBritt was; I explained what we do and why we're the best, why we can get started right away, etc. And every one of those elected officials decided it was the best thing for them to do.

ASSEMBLYMAN BRAMNICK: As you -- leaving national (indiscernible), in the circumstances, are prices normally higher closer to a disaster; or as time continues, do the prices with respect to services, in most instances, start to lower?

MR. PERKINS: The answer to that question is yes. And, again, you have to understand -- after the major impact of the disaster, you're dealing with chaos, you're dealing with no power, you're dealing with no electricity, there are no hotel rooms. There's no fuel. There are all kinds of various--

ASSEMBLYMAN BRAMNICK: So I guess my point is real simple. As you get farther away from the disaster, it's likely that competitive bidding -- or should I say, prices -- could go down, based on your experience?

MR. PERKINS: Absolutely correct.

ASSEMBLYMAN BRAMNICK: And my final question is real simple. How many complaints did you receive, or you were aware of that received by the State of New Jersey, concerning the work that you did removing debris and millions of cubic feet of debris after Sandy.

MR. PERKINS: Zero.

ASSEMBLYMAN BRAMNICK: Thank you.

ASSEMBLYMAN RAMOS: Thank you, Assemblyman Bramnick.

I think next we're going to go to Senator Kyrillos.

SENATOR KYRILLOS: Okay. Thank you, Mr. Chairman. Thank you very, very much.

Before I ask a question, let me answer a question -- from my point of view -- that Assemblyman Bramnick asked. Who has complained about the AshBritt services? And as a member who represents the Monmouth County bayshore; represents the towns that were listed earlier: Union Beach, Keansburg, the Port Monmouth section of Middletown, Highlands, Sea Bright -- towns that were devastated -- devastated. I toured those towns by 11:30 the following morning. When did the storm hit -- October 29? Is that correct?

MR. PERKINS: That's correct, yes.

SENATOR KYRILLOS: So by 11:30 on October 30.

I don't think any of us were in World War II Europe after the bombs hit -- that's what it looked like. And that's what we're talking about here. This isn't a political science seminar on what the folks in Monmouth and Ocean County and southern Middlesex and southern Bergen County went through. This was a disaster. And the answer to the question was: No one's complained to me; no one's complained to me. And not everybody used AshBritt, by the way, in those towns -- these are towns that are now famous towns. Everybody has heard of the small town of Union Beach, for example. Highlands didn't use AshBritt's services. I'm told by the Administrator in Keansburg that local contractors were at first hired, and after two or three weeks the job wasn't getting done. They were burned out. They then turned to AshBritt and its services. And so the same local contractors were employed, but I guess you have a way of managing.

Mr. Chairman, it seems to me that I have not heard a lot of new information today; that a new theme of *risk of reimbursement* came up. That, to me, seemed new; I've not ever heard that before. Mr. Perkins, I

think you answered it clearly. You don't see, from your point of view of somebody who has worked with FEMA all over this country, who operated in the three affected states after the Katrina disaster, a major Army Corps vendor -- do you see a risk of reimbursement?

MR. PERKINS: I do not believe there's going to be any risk of reimbursement to the State of New Jersey, especially since when you compare pricing that took place in other areas, we're significantly a better value.

SENATOR KYRILLOS: I don't see the FEMA Director here. I would like to ask him if he thinks that there's a risk of reimbursement, based on what he has seen up until this point. I'm sure, Mr. Perkins, you saw President Obama here with our Governor in the days after the storm with the FEMA Director by his side. What date was that, do you remember?

MR. PERKINS: Immediately after, and I think at least one other time after the hurricane.

SENATOR KYRILLOS: Days after the storm, but not the next day. And when were you hired?

MR. PERKINS: We were hired two days later.

SENATOR KYRILLOS: Two days later. So I'm not sure that the FEMA Director raised any red flags during that meeting: partisan Congressional delegation there, the FEMA Director there, President Obama, (indiscernible) Director. Do you remember any concerns expressed, publicly or privately?

MR. PERKINS: No, I do not.

SENATOR KYRILLOS: I was with Secretary Napolitano, the Secretary of Homeland Security, in my district on the Sunday after the storm. So I guess that would be one week later. Is FEMA part of Homeland Security Department?

MR. PERKINS: Yes, they are.

SENATOR KYRILLOS: I was there with officials of the Christie Administration, Congressman Pallone-- I don't know if there were any AshBritt representatives there. Did you hear of any concern about reimbursement to AshBritt or its vendors -- now five days after you'd been hired?

MR. PERKINS: No, we did not.

SENATOR KYRILLOS: Well, the Majority Party runs the Committee. I suggest they talk to officials at FEMA, officials of the department of Homeland Security, because we don't need to ask the contractor about the risk of reimbursement; we should ask the source. If we had a serious hearing, that's what we would be doing.

Now, let me just make sure that it's clear and understood -- and you've stated it, I think; but I want everybody to understand it -- we have 50 states in this country. How many have contracts for this kind of disaster?

MR. PERKINS: Seven.

SENATOR KYRILLOS: Seven. Does Pennsylvania have one?

MR. PERKINS: No, they do not.

SENATOR KYRILLOS: Does New York have one?

MR. PERKINS: No, they do not.

SENATOR KYRILLOS: New Jersey, in the Christie era, did not have one until now, correct?

MR. PERKINS: That's correct.

SENATOR KYRILLOS: Now we have one. Did New Jersey, under Governor Corzine, have one?

MR. PERKINS: No, they did not.

SENATOR KYRILLOS: The answer is no.

MR. PERKINS: We actually met--

SENATOR KYRILLOS: It did not.

MR. PERKINS: We actually tried to pursue contracts, prior to, with multiple states, including New Jersey. They just weren't ready to get it out at that point.

SENATOR KYRILLOS: The answer is no, it did not.

MR. PERKINS: No -- that's correct.

SENATOR KYRILLOS: I want to ask the question -- you may not know the answer. I'm not going to ask it -- I'm going to find out how far back you would have to go. And do you know the reason, it seems to me as a lay person, that there wasn't a contract in place? Do you have any thoughts on it?

MR. PERKINS: Well, I have my personal opinion. I think that there's a directive out over the last couple of years by the Federal government -- FEMA in particular -- to get states and to get contracts in place. But, again, a lot of states take the position that disasters need to be handled at the local level. And that's obviously changing.

SENATOR KYRILLOS: Do you know what my answer is, as a lay person? It's because these storms don't happen very often. That's why

they're called *100-year storms*. That's the reason. This is not a snowstorm; this is not a typical big rain storm. This is the hurricane of a century. That's why 43 states in America don't have this kind of contract. Does that make sense to you?

MR. PERKINS: Absolutely.

SENATOR KYRILLOS: But now you can go to the states around the country that don't have one -- since you're the leader in this niche -- and say, "Look at the Katrina states; look at Hurricane Sandy; look at New York and New Jersey." We learn from our experiences, correct?

MR. PERKINS: Correct. There are at least a dozen states that are looking at what happened in Hurricane Sandy -- obviously, in both states -- and they're in the process of getting RFPs out for pre-positioned contracts for the future.

SENATOR KYRILLOS: Now, I just want to quickly ask you about New York -- because that was the other state affected by Hurricane Sandy. I don't think others-- Was Connecticut? Connecticut, perhaps.

MR. PERKINS: Yes, we worked, from Hurricane Sandy, in Virginia, Maryland, and Connecticut.

SENATOR KYRILLOS: Okay.

MR. PERKINS: Very minimal; there was not a lot of damage.

SENATOR KYRILLOS: I think Senator Kean mentioned Fire Island. It seems to me that the localities there didn't have the same kind of leadership that we had here. And from what I understand from the earlier questioning today -- 100-plus days later -- they're just beginning to clean up. Is that correct?

MR. PERKINS: Fire Island is just one instance of what took place in New York. But, specifically to Fire Island, that's correct.

SENATOR KYRILLOS: And why is that? Why did it take so long?

MR. PERKINS: Well, I think, from the news articles and what we know about the Corps of Engineers, obviously, and that process, that particular situation got entangled in an entire bidding process, and protests, and the General accounting Office, and all kinds of things -- that just delayed it and delayed it and delayed it.

SENATOR KYRILLOS: Perhaps the kind of process that some members of the Legislature -- from what I read and what I hear today -- would like to see take place. I don't think that's something that you need to answer. Perhaps some future Governor -- whoever he or she may be -- would want to have that kind of long, protracted process where it would be very, very thorough, we many, many hearings. And what do you think the people of my district would say if that took place here in the aftermath of Sandy -- the people of Port Monmouth, or Highlands, or Sea Bright? What do you think they'd say, Mr. Perkins, if, in mid-March, 100-plus days later, we were still trying to figure out who's going to clean up the garbage in the streets? What would they say?

MR. PERKINS: Well, for an elected official, there wouldn't be many people elected again, based on that. But the fact-- To answer your question, it's just not acceptable. I mean, gas lines leaking, water lines ruptured, bridges closed, peoples' lives in disarray, not being able to come back for weeks, being bused in to their homes to get their belongings one suitcase at a time. You just can't sit here today and make a judgment. You

have to respond; you have to take the leadership, make decisive decisions, and get things going. They would be irate. They would be irate, there would be riots in the streets, they would be complaining -- it would be terrible.

SENATOR KYRILLOS: Living through it, I will tell you that you are right -- because I live there. And the people wouldn't stand for it. And most of the mayors, and councilmembers, and administrators, and freeholders who didn't have a playbook -- they just wanted a methodology. They wanted some option. They didn't have to take it -- and some didn't.

What's the pricing in New York state, New York City? You mentioned this to some folks prior to the hearing, and I think you touched on it today. But just quickly compare the New York experience -- from a price point of view -- and the New Jersey experience.

MR. PERKINS: The pricing--

SENATOR KYRILLOS: And repeat it, if you've already said it.

MR. PERKINS: The price that was paid in the state of New York was higher than the State of New Jersey -- clearly higher.

SENATOR KYRILLOS: Okay. How much higher?

MR. PERKINS: Somewhere in the 30 percent range, at a minimum.

SENATOR KYRILLOS: At a minimum.

MR. PERKINS: At a minimum.

SENATOR KYRILLOS: I've heard from some people, twice as much. Is that possible?

MR. PERKINS: Anything's possible, yes. You would have to dissect line items, but there are line items in the contract that that's an accurate statement.

SENATOR KYRILLOS: I'm told by some people, in some cases, in some geography -- four times as much. Is that possible?

MR. PERKINS: I could say, comfortably, three. But there was a pre-positioned contract in Long Island, New York. And if you go back and you look at the line items in that contract and compare them -- this is prior to Hurricane Sandy -- and you go back and compare those line items, they're in-line with what our Connecticut pricing is.

SENATOR KYRILLOS: And finally, the job now, from your point of view, is complete, almost complete, getting there? How would you characterize it?

And then that's all I have.

MR. PERKINS: From what our contract required us to do -- is remove debris, remove sand, remove vessels, hazardous waste, operate the dump sites -- as I said, 45 of the towns are 100 percent complete and the other 6 are, again, 99.9 percent complete. So rebuilding now, what that obviously does is allows the contractors to get into the cities and towns; people rebuild homes; sidewalks, infrastructures, city buildings -- those types of things -- and try to get back to some degree of normalcy, which is -- obviously, economic recovery is the big thing.

SENATOR KYRILLOS: Mr. Perkins, thank you.

And, Mr. Chairman, just very briefly: I alluded to this earlier. I have, that I'm looking at now, a list of 29 bills that have either been introduced, or have been proposed to be introduced, to the Senate

President. I realize you don't run the entire institution; but isn't it troubling -- I say this to you and our colleagues, all of us, both sides of the aisle, both Houses -- that we are nearly at the end of March. For this 100-year hurricane disaster that took place in late October, the eyes of the world focused on this region. Local officials, emergency management people, residents, everyone pulling together to clean ourselves up, to reposition our lives, to get the place back on track and make New Jersey successful again not a single bill has been heard in a single Committee, so far as I know. I know not on the floor. We have today's hearing. So I would ask you to go to President and Speaker; and Senator Buono, I'm sure you'll exert some leadership and try to get some of these bills done. We can't prevent another storm, but we're talking today about being better prepared from a contracting point in the future. We can be better prepared on a whole host of things: electric generation for homes, for gasoline stations; mold; make sure that utilities are prepared; make sure our infrastructure is in place. And we haven't addressed it.

Thank you, Mr. Chairman.

SENATOR GORDON: Thank you, Senator Kyrillos.

If I could just make a couple of comments in reaction to some points you made.

First of all, you said that we didn't have an opportunity to get information from FEMA. I agree with you. This Committee submitted an OPRA request to FEMA; submitted an OPRA request to the Administration requesting these documents relating to the FEMA contract. I think if we had gotten that information, we wouldn't have needed to pursue any of this line of questioning about any risk of reimbursement. I think our questions

were based on our reading of Federal regulations, which seemed pretty clear to us. It would have been nice to know that FEMA said, in this case, it's okay. I think that would have obviated a lot of the discussion here.

Secondly, just a comment about this once-every-100-year storm that we had. In fact, if you follow what the climatologists are saying, what is being published by the National Oceanic and Atmospheric Administration, by the U.N. -- the storms are becoming more frequent and they're becoming more extreme. The temperature of the oceans has increased; that means that the moisture content of the air has increased. It means that these storms are coming more frequent. And what's interesting is that in August 1995, the National Hurricane Conference -- I think our guests are familiar with these meetings; they're held every year, bringing emergency managers from around the country together. In August 1995 the meeting was held in Atlantic City. And every year the conference does a simulated emergency event. The event that year was a major storm surge along the New Jersey coast and into New York Harbor. And that simulation predicted everything that happened. Mayor Bloomberg said that the subways are not going to flood; the National Hurricane Conference said the subways are going to flood. Everything that they predicted happened.

In my mind, my personal view, is that New Jersey Transit and other agencies -- our water utilities, our wastewater utilities that were shut down and poured sewage into our rivers-- The fact that they didn't have viable emergency plans, given what we know that's happening today, I think is really inexcusable. And I'm hoping that this is one of the areas that we focus on as we go forward in trying to increase the preparedness of this state.

With that little speech, I'm going to turn to Senator Buono.

SENATOR BUONO: Is that okay? (laughter)

I just want to say, in all seriousness, and through the Chair, I enjoy hearing my counterparts on the other side. You obviously all have a lot to contribute to this discussion.

And along that vein, I'd like to just pick up where I left off before in my questioning.

You testified, Mr. -- Perkins, is it? -- that FEMA blessed the work that was done, so that there's no risk of nonreimbursement. Do you have-- Is there any paperwork or documentation of that?

MR. PERKINS: I believe what I said -- and I'm sure you'll correct me if I'm wrong -- that before our contract was signed, the Attorney General's Office got a commitment from the Federal government -- the people from FEMA who were in the meeting that took place and the Federal government at the Washington, D.C.-level, along with the general Counsel, the lead counsel, from FEMA -- that the procurement that they were planning to utilize and enter into was suitable, was acceptable, and was reasonable.

SENATOR BUONO: Okay. There was no commentary-- You were saying the *procurement*. The procurement was reasonable? Well, it just--

MR. PERKINS: Are you referring to the piggyback--

SENATOR BUONO: Pardon me?

MR. PERKINS: --contract? I'm confused as to what you're referring to.

SENATOR BUONO: No, actually I was just referring to-- What I'm trying to get to the bottom of is whether or not the risk of nonreimbursement or not--

MR. PERKINS: I think the risk is zero, to be very clear.

SENATOR BUONO: And that's because-- Yes, and what I'm asking is do you have documentation of the commitment that you have from the AG's Office. That's our AG that we're talking about?

MR. PERKINS: I would be certain that if you went to the various agencies and the Attorney General's Office you can get that directly from them.

SENATOR BUONO: Is that something, through the Chair-- Did we OPRA request that?

SENATOR GORDON: We didn't OPRA-- We OPRA'd the Governor's office; we did not send a request to the AG's. Perhaps this is a document that we should see.

SENATOR BUONO: Otherwise, and unfortunately as we all know, OPRA is not exactly the strongest piece of legislation. And I honestly don't think that as government officials we should have to OPRA. But if we have to, we will; and if we have to subpoena, we'll do that too.

So why don't you go back to something Senator Majority Leader Weinberg started taking you down a path of a timeline. And I just wanted to clarify a few things. You started -- correct me if I'm wrong -- that you started selling your services prior to landfall -- is that what you said?

MR. PERKINS: That's correct. We started marketing our company's services prior to landfall.

SENATOR BUONO: At what time did you-- How many days or weeks prior to October 29 did you begin that?

MR. PERKINS: In general, when we're watching a hurricane -- for instance, the one that was out there -- we follow the cones; and you know the cones change on a day-to-day, hour-to-hour basis. So as we have-- Like I said, we have existing contracts up the entire eastern seaboard from south Florida all the way to Massachusetts. We already know that we're going to work in those states and those cities and towns and counties where we have contracts in, in the event that there's a requirement. So we focused our efforts on the city of New York, the state of New York, and also the towns in New Jersey.

SENATOR BUONO: Well, but you didn't answer my question. You said *in general* -- what your general practice is. I'm asking you specifically what took place in New Jersey -- if you can tell me.

MR. PERKINS: I have to speak in general, because I have an entire company, an entire staff that I would-- There's direction, we plan, we train, so each one of those members of our team has specific rules and responsibilities. So if you're asking me what particular time did we call such-and-such municipality, I just don't have that answer today.

SENATOR BUONO: Okay, so you raised an interesting question. So if, in fact, it wasn't yourself, then who was it? Was it your lobbyist, Mr. Barbour? Did he reach out to the State of New Jersey? How was the contact made, if not you?

MR. PERKINS: Prior to, our consultants made no phone calls.

SENATOR BUONO: I'm sorry -- again?

MR. PERKINS: Prior to, during our activation mode -- this 48-hour window that I'm talking about -- our consultants did not make any phone calls. That's just the way we conduct business. There's no need for any involvement at the end.

SENATOR BUONO: I don't really understand the answer.

MR. PERKINS: You asked me if any of our consultants -- you referred to them as *lobbyists*; I call them *consultants*.

SENATOR BUONO: Okay.

MR. PERKINS: The answer to your question is no, they did not.

SENATOR BUONO: So who contacted the Administration? Who was the first contact? You said you had-- Obviously, you had to have discussions. This contract was entered into 24 hours after the storm hit. You had to have some contact prior to that.

MR. PERKINS: With the State of New Jersey?

SENATOR BUONO: Yes.

MR. PERKINS: Yes, we did. We started reaching out to the State of New Jersey; the specifics I would have to get that to you. I don't have timelines; I don't have specific time of day that these calls took place.

And, by the way, we weren't the only ones. Every major competitor that we have was doing the same thing -- trying to get to the State, towns, the municipalities, offering their services.

SENATOR BUONO: So is it your testimony that you had direct contact with the State? It wasn't your lobbyist? It was someone through your firm -- you said no consultants?

MR. PERKINS: No consultants.

SENATOR BUONO: Slash lobbyists? So somebody directly from your firm contacted the Administration?

MR. PERKINS: I personally did not contact the Administration.

SENATOR BUONO: Somebody from your firm -- not a consultant.

MR. PERKINS: Somebody from our firm -- yes, that would be the case.

SENATOR BUONO: I'm just a little confused because Mr. Barbour has stated specifically that he reached out to Governor Christie and recommended that they hire you.

MR. PERKINS: Your question was prior to the storm, and the answer continues to be none of our consultants made any contact with the Administration or any town officials prior to the storm.

SENATOR BUONO: Well, when did they, if not prior to the storm?

MR. PERKINS: Our consultants would have made contact with the various clients that we were targeting the day after.

SENATOR BUONO: The day after. And so at that time there was no discussion of alternate -- other terms of the contract? Obviously, there was a contract in place and you can't negotiate those terms -- that was your testimony. But there was no discussion? There was no attempt to arrive at some better deal for the Administration? I mean, they had you there; you were willing to do the work. You couldn't have arrived at a better price for the people of New Jersey? Did you even have those discussions?

MR. PERKINS: Aside from the fact that you cannot do that based on Federal law, and aside from the fact that the Administration can sit here today knowing that they spent millions of dollars less than the state next door -- I think they're okay with the reasonableness and pricing.

SENATOR BUONO: There's Federal law that says that you can't have negotiations on a contract when there's a State of Emergency -- or in any case?

MR. PERKINS: Absolutely. And I might read something-- Earlier, quoting the piggyback, and you're reading from a manual. It's a narrative. The actual law states, "44 CFR, Section 13.36, Procurement." This is the law; this is not a manual, this is not guidance. It says, "Line B, Procurement Standards. No. 5. To foster greater economy and efficiency, grantees and subgrantees are encouraged" -- this is out of the Federal law -- "to enter into State and local intergovernmental agreements for procurement or use of common goods and services." And it further goes on to talk about the reasons why.

SENATOR BUONO: Right.

MR. PERKINS: That's the law, not the manual you were reading from.

SENATOR BUONO: Well, I'm a lawyer. I think I know the difference. And what I'm reading is not a manual. What I'm reading is an interpretation of the law. And what you're reading has nothing to do with the issue of no-bid contracts.

MR. PERKINS: First of all, it wasn't a no-bid contract.

SENATOR BUONO: I don't want to debate it. It really-- I don't want to waste the Committee's time.

MR. PERKINS: You can characterize-- Excuse me.

SENATOR BUONO: We don't need to debate the law.

MR. PERKINS: Excuse me. It was not a no-bid contract. You can characterize the contract a hundred different ways, with all due respect.

SENATOR BUONO: Yes.

MR. PERKINS: So the facts are the facts. It was not a no-bid contract. I respect the fact that you're a lawyer. My daughter is in her last semester at the University of Texas, and she will be a lawyer, too.

SENATOR BUONO: Well, then you take issue--

MR. PERKINS: With that being said; this is gospel, it is the law.

SENATOR BUONO: Well, I guess you take issue with the Attorney General in the State of New Jersey because he, in the preamble to the Executive Order that authorized this emergency contract with AshBritt, your company, the AG said that the State must execute the AshBritt contract -- and I quote -- "without public bidding." So I think it's fairly well established.

I have no further questions right now. Thank you.

MR. PERKINS: Thank you.

SENATOR GORDON: Chairman Ramos.

ASSEMBLYMAN RAMOS: Thank you.

We're going to go to Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: I'm so glad I took the ride.
(laughter)

Mr. Perkins, first of all, I want to congratulate you on being here, because I think all of the members of this Committee need to be

informed about the process that was adopted here in the State of New Jersey. And whether we agree with you or not, it's a learning experience. We may agree with most of it, but there are certainly a lot of questions that have to be asked.

One of the things that comes to mind when you talk about the 100-year storm: If my calendar is right, we had three 100-year storms last year -- from the storm that just occurred. So these things are going to happen over and over again. So we need to have this kind of interchange between companies like yours, and also members of the Committee and people who are experts in the field, so that we are better prepared so that we can revise our plans and make them more important in terms of how its going to affect the citizens.

You know, the real victims here are the people who suffered in this storm. You're a company that's out to make a profit -- and there's nothing wrong with that. We live in a capitalist society. But those people who were affected wanted those streets and highways -- infrastructures -- cleaned up. So there's no question about that, and I don't think there's a question about the fact that you did an exemplary job in terms of getting that accomplished.

Something that comes to mind when I hear the testimony and many of the questions that were asked today how this contract went through local municipalities. And what was involved in that decision, locally. How does that work? How does it work when Sea Bright or Union Beach has to make that decision? What is that process in terms of adopting or hiring your company? Is it a request for proposal? Is it a bid? What is it -- what is it, exactly?

MR. PERKINS: The process is, all they do is a two-or three-page agreement. It's basically an interlocal agreement--

ASSEMBLYMAN CAPUTO: I didn't get that; go ahead.

MR. PERKINS: --between the municipality adopting rules and regulations -- the terms and conditions of the State contract. So the contract-- When we produce some of the stuff that we said we would, they're all identical; there's no changes -- the pricing is, the language, the *Ts* are crossed the same, the *Is* are dotted the same. So when we approach the local government, they're contemplating what they're going to do. We present and let them know, in fact, that we have this contract issued by the State, and go over the process of how they can utilize it, and give them the forms that they download from the State's site in order to sign the contract so we can get started.

ASSEMBLYMAN CAPUTO: So in that moment of decision by a local municipality, there's a representative from your company that advises the municipality on the terms of the State contract? Is there someone there representing you?

MR. PERKINS: In 65 percent of those cases, I was there personally and handled the process of who AshBritt is, why we can do it, why we're the best, and how quickly we can get started -- those types of things.

ASSEMBLYMAN CAPUTO: Were there a lot of questions asked? Because, I mean, obviously these municipalities did not have the experience relative to this type of damage. So there had to be a lot of questions that took place. Or was this a speedy process that somebody just said, "Okay, let's do it." What happened?

MR. PERKINS: Some of these meetings took hours; some of them took place two, three, four times. The instances I was talking about in Ocean County had 200 people in it -- town officials, elected officials, staff, State, the Army Corps of Engineers. Representatives from FEMA, who are the ones who say yea or nay, sat in during these processes. Let's not forget that the Federal government, and FEMA, and the public assistance General Counsel from FEMA was present at most of these meetings. Went through the process, understood it was a Connecticut contract, etc., etc. So they were there after it was blessed a second day, but they were there in every subsequent meeting, and town hall meeting, elected official meeting, and town hall meeting, etc. They continued to hear the process, they continued to approve it, the community adopted it, and they said, "Get started."

ASSEMBLYMAN CAPUTO: So they were there participating in the situation where they heard from governmental officials, from people in the industry. They had a complete course on which way to go here.

Were they advised that, as Assemblyman Burzichelli indicated prior to this testimony, that there might be a review of this contract at a later time, and that there may have to be reimbursements -- potentially. We're they told about that?

MR. PERKINS: At the time, there were representatives from the Federal government -- the checkbook -- in the room present during all these meetings, all these town hall meetings, all these meetings with elected officials, who nodded and said, "Yes, this process has been approved. You've got two choices: You can utilize the State contract, or you can put out a bid." And let me be clear. The audit is not specific to New Jersey. Audits take place 100 percent of the time in every single municipality --

whether the disaster was minimal, whether it was a tropical storm, whether it was a major catastrophic hit like Hurricane Sandy -- this is just part of the process. Those things take place. This is not specific. It's going to happen in New York, it's going to happen in Long Island. It's going to happen across the board. It's going to happen in Virginia, in Maryland, Connecticut, Massachusetts where the damage was minimal. The auditing procedure is just a normal process of the reimbursement.

ASSEMBLYMAN CAPUTO: Well, that's the question: Were they advised that there would be an audit eventually? Were their attorneys or the elected officials in these towns made aware of the fact that what they were agreeing to could possibly be audited in the future, and there could be a potential reimbursement problem -- a liability problem?

MR. PERKINS: The common question from the elected officials to the federal representatives, the Corps of Engineers, the attorneys that were present from FEMA -- in these meetings that I was at and part of, but prior to the cities and towns and municipalities signing a contract for us to get started -- was, "Are we in jeopardy of our reimbursement? Are we going to get our money back? Are we going to be fighting about this two years from now? Is it okay that we're adopting the State contract that was adopted from Connecticut?" And not one time -- zero -- were any of the municipalities, any of the elected officials, anybody told that there was a problem. They were told it's been approved. There's a process to put another bid out. All the criteria that was put out on day two was reiterated by and questioned by the local government.

Listen, I agree. I think what you're doing here today is absolutely responsible, as a Committee and elected officials because you

need to be concerned if the State of New Jersey is going to get whacked with tens of millions of dollars of disallowances because of the way that this contract was issued, and this and that. I agree; I'm 100 percent in agreement with you, and I can also tell you that there is zero chance of that happening under our contract.

ASSEMBLYMAN CAPUTO: Well, I'm also glad that you are. Well, based on the scientific information, you probably are going to have future problems. But what I'm getting at-- I didn't really get an answer to that question. I mean, I got a global description of what happened.

Were these municipalities advised that even though the Federal government approved, and all the approvals -- and it's a State contract from another state -- were they advised that there could be an audit at a future time and they would be liable if -- in the event there was a potential overpayment? That's all I'm asking. Maybe you can't answer that question.

MR. PERKINS: What I can tell you is that in my presence that never came up. But, however--

ASSEMBLYMAN CAPUTO: It never came up?

MR. PERKINS: Never came up.

ASSEMBLYMAN CAPUTO: That's the problem.

MR. PERKINS: It's not a problem, it's a part of-- With all due respect--

ASSEMBLYMAN CAPUTO: Well, I'll tell you why it's a problem.

MR. PERKINS: --it's part of the process.

ASSEMBLYMAN CAPUTO: Mr. Perkins, I'll tell you why it's a problem, and hopefully this will never happen.

In the event that an average homeowner is going to be saddled with an additional insurance -- raising their home 8 to 10 feet based on what FEMA's maps say, pay additional flood insurance, and then, of course, having the burden of picking up other liabilities for taxes in the town where houses are not being replaced -- this is an important issue, because this could also add-- It may not be your responsibility because you're in business. But this is an additional potential liability for any homeowner, and it will affect real estate values in the State of New Jersey or anywhere else where these types of storms take place.

MR. PERKINS: I concur. I'm actually a taxpayer, too. And this year substantially--

ASSEMBLYMAN CAPUTO: You can afford it, based on the money we're paying you. (laughter)

MR. PERKINS: --more than I paid last year. With that being said, just from a reasonable stand -- and I understand your argument, okay, and I concur. The audit process is going to take place. But to look at it simplistically -- if this Committee here is sitting here; and the representatives from FEMA are here; and Craig Fugate, the Director, was here; and all the other bureaucrats were sitting in a room and we're talking about reasonable pricing -- okay? -- the first question is going to be, "Would somebody please explain to me why, when the city of New York paid \$60, \$70, \$80, \$90 \$100 a yard for the same thing that we paid \$21.25 a yard -- how is that not reasonable?"

ASSEMBLYMAN CAPUTO: Wait, hold it. Mr. Perkins, did you have that contract in New York?

MR. PERKINS: I can assure you what I'm telling you is accurate.

ASSEMBLYMAN CAPUTO: No, did you have that contract in New York?

MR. PERKINS: No, we did not.

ASSEMBLYMAN CAPUTO: Okay. And when did you find out about that price -- after the fact?

MR. PERKINS: I knew it--

ASSEMBLYMAN CAPUTO: You didn't know it was going to be \$68 when you negotiated with these towns.

MR. PERKINS: We are a Corps of Engineers contractor. The rates across the board in Katrina were substantially higher than this \$21.25 a yard.

ASSEMBLYMAN CAPUTO: That's not what I said. I'm talking about-- You just brought up New York, and you said it was \$68, correct -- and change?

MR. PERKINS: I said it was \$30, \$40, \$50, \$60, \$70, \$80, \$90, \$100.

ASSEMBLYMAN CAPUTO: So let's talk about New York.

MR. PERKINS: Okay.

ASSEMBLYMAN CAPUTO: Did you know about that price when those contracts were executed in New Jersey?

MR. PERKINS: As I stated earlier, the way the Corps of Engineers contracts work is, once the event takes place, you negotiate

pricing after the fact. It's different. You can do it with the Corps of Engineers; you can't do it with state or local governments. The approach is different.

ASSEMBLYMAN CAPUTO: We're on the record, but anyway let me--

MR. PERKINS: Yes, we are. Thank you. (laughter)

ASSEMBLYMAN CAPUTO: You're good.

MR. PERKINS: No, I'm not good.

ASSEMBLYMAN CAPUTO: I can see why you're the head of this company.

MR. PERKINS: I watched *The Aviator* last night. (laughter)

ASSEMBLYMAN CAPUTO: What did you watch?

MR. PERKINS: *The Aviator*. (laughter)

ASSEMBLYMAN CAPUTO: All right, that seems to be the summation of my questions. And I appreciate your time. Thank you very much.

MR. PERKINS: Thank you.

ASSEMBLYMAN RAMOS: Thank you, Assemblyman Caputo.

Before we go to Assemblyman Amodeo, I just have a point of clarification to Senator Kyrillos. There were several bills -- Sandy-related bills -- that passed through both Houses in Committee this week. I just wanted to clarify that statement earlier.

Assemblyman Amodeo.

ASSEMBLYMAN AMODEO: Thank you, Chairman Ramos.

I just want to clarify a point prior to me asking questions of Mr. Perkins. When you were talking about the contract that was settled in two

days -- I believe you said it was signed by (indiscernible). What contract was that? That was in relation to what?

ASSEMBLYMAN RAMOS: It's a monitor -- (indiscernible) a monitor. Correct.

ASSEMBLYMAN AMODEO: Okay. It wasn't-- I don't think the question was really answered. We're talking the difference between a construction-based contract and a monitoring contract, which basically has accountants who oversee where the money is being spent, tracking the money, making sure that reimbursement is done. Is that what you're talking about?

ASSEMBLYMAN RAMOS: Correct -- it's monitoring the waste.

ASSEMBLYMAN AMODEO: Okay. So it's not apples-to-apples when we're talking about a construction contract and a major cleaner. So that's the only point--

ASSEMBLYMAN RAMOS: My point was the piggyback with the Connecticut contract that was apples-to-apples to New Jersey, in that sense. You know what I'm saying? Copy and paste, very simple, things are already in place -- not bodies or anything else, but numbers, parameters. I'm sure they fill out these documents all across the country. Ours may look a little bit different, but I'm sure -- it's a 900-page document--

ASSEMBLYMAN AMODEO: Prices change. The cost of living is different.

ASSEMBLYMAN RAMOS: --but I'm sure they have 600 pages difference. And I think to answer Mr. Perkins' question in terms of New York, I guess Delaware had a different price, New Jersey had a different

price. The cost of doing business in New York is not different from New Jersey, I guess to answer that question.

ASSEMBLYMAN AMODEO: Right, and that's my point, is that wherever we are, we're in the State of New Jersey -- and Mr. Perkins gave us a great compliment, which I'll touch on in a minute -- is that our pricing structure and our density in this state, and a lot of times the distance and the cost of labor changes. For instance, I'm sure that their prices, based here in the State of New Jersey, were all based on what was prevalent and what was prevailing here in the State of New Jersey as far as costs for construction equipment, rentals, Dumpsters, removal of those Dumpsters, loading them, the labor costs, etc. So the monitoring contract is not really consistent with construction management or project management contracts.

Thank you. I just wanted to clarify that.

ASSEMBLYMAN RAMOS: But Connecticut did have a contract in place.

ASSEMBLYMAN AMODEO: Yes.

ASSEMBLYMAN RAMOS: And we did not.

ASSEMBLYMAN AMODEO: Right. And as Senator Kyrillos experienced in Superstorm Sandy, I had a similar situation living on a barrier island in Atlantic County where I saw on my barrier island, which consists of four communities: Atlantic City, Ventnor, Margate, and Longport -- I saw three separate initiatives. I saw Ventnor use AshBritt. I saw the city of Margate use a contractor that is a local contractor, through a State contract, to implement the cleanup process, removing sand, putting it back on the beach, and debris removal. I saw the city of Atlantic City use

their entire public works force and their public employees to do that exact same -- cure that situation. What I saw was AshBritt go into Ventnor-- And I talked to the Mayor on several occasions; in fact, we had meetings with him in his office, and they were totally satisfied and were ecstatic to have their roads, their streets cleaned up and their people almost get back to normal after being displaced. And there are probably still some individuals still displaced in the low-lying areas only because of the elevations of their homes, not because there's debris or structures in the street.

So I want to compliment you on that, and AshBritt as a firm.

The other thing I want to mention is that I think we would all be in agreement here as a Committee, as a legislative body, to understand that when you're faced with devastation and something that you don't know what the outcome is going to be until it actually leaves and the calm is here that the Governor made a bold move -- a critical move -- to ensure the safety of the people of the State of New Jersey: clear the roadways and try and get people back to normalcy as soon as possible and at least get them back to their houses. And that's what is so important about the program and the process that they went through with AshBritt; because as you said, time and time again, immediate response, you were ahead of the game, you mobilized, you had water and provisions, you had generators backed up to do all these things.

We witnessed and still read what happened in New York. New York still is in havoc, and that is basically one of the questions I wanted to ask you, that I think one of my colleagues touched on, is the New York contract was different than what we did here. And as a result we saw that

bureaucratic, multi-challenged as in construction contracts often-- There's one line that was omitted and the opposing contractor is challenging it, which holds it up in court for 30, 60, 90, 120 days. So with all that in the picture, the Army Corps' contract in New York City was much different than what we did here in the State of New Jersey. And what can you tell me about the Army Corps' contract? You might have answered this prior.

MR. PERKINS: Well, first of all, thank you for the positive comments and feedback from the municipalities and constituents that you represent.

I'll start out by saying our contract, when you talk about the differences of doing business in New York compared to New Jersey, Manhattan, those areas -- Staten Island -- the congestion, all that -- you're correct. However, we offered our contract, knowing all the factors that you described, Senator, we offered our contract to the city of New York and the state of New York; with those factors being considered, we offered that at the same price as Connecticut. So we understood those factors when we went in. We were willing to tackle those challenges under the same price.

What I can tell you about the Army Corps of Engineers -- and I am speaking from subject matter expertise, and I know exactly what I'm talking about -- is that the line items, the major line items that were utilized in our Connecticut contract, or any state contract or municipal contract, and the ones in the Army Corps of Engineers contracts, were -- 95 percent of the dollars are expended after the debris removal, collection, recycling, disposal -- all of those things are identical. Zero to 15, zero to 30, temporary disposal site management, collection of white goods, the e-waste, removal of hazardous trees, stumps -- you name it. Those line items read

the same. The difference is what pricing goes into those line items. So you are not going to be able to draw any disparity between the line items and the work that took place here and the work that took place in New York, except for price.

ASSEMBLYMAN AMODEO: And thank you for answering that question.

And just for the record, the Governor -- Governor Christie signed Executive Order 125 which not only put a lot of things in place for the recovery efforts and FEMA issues but, more importantly, in an open and transparent manner requested that all public contracts in relation to Sandy be posted on the Sandy website. So the issues that we want to look at should be available and are available on the Sandy website.

Thank you, Chairman.

SENATOR GORDON: Senator Weinberg.

SENATOR WEINBERG: Thank you, Mr. Chairman.

You know, Mr. Perkins, either I don't understand or you gave some conflicting testimony. I want to get back to talking about the timeline. You specifically said you marketed your services prior to landfall - - that would be prior to October 29, correct?

MR. PERKINS: That's correct.

SENATOR WEINBERG: To whom did you market those services?

MR. PERKINS: In general--

SENATOR WEINBERG: I'm talking about only New Jersey -- not the other--

MR. PERKINS: Okay. In general, and New Jersey specifically, we immediately reached out to every town and municipality. We would start-- Now, the ones we reached, the ones we actually talked to, I don't have that information in front of me. But, in general, we would have reached out to all the towns that we believed would be impacted in the State of New Jersey.

SENATOR WEINBERG: And did you reach out to the Administration prior to landfall?

MR. PERKINS: Prior to landfall, I believe sent copies of our Connecticut contract-- I don't remember what agency that-- We couldn't get a lot of people to answer the phone then.

SENATOR WEINBERG: Well, perhaps your Government Relations person who actually seemed to-- Under the title of Government Relations, I'm assuming he did government relations. Maybe he knows what the answer to that question is.

MR. PERKINS: I'm sure he'll try to answer the question.

MR. MOSKOWITZ: Prior to landfall, the answer is no.

SENATOR WEINBERG: So you only reached out to municipalities, not to the State. Under what auspices -- if there was no State contract, under what auspices were you marketing your services to the municipalities prior to landfall?

MR. MOSKOWITZ: Well, I mean, as Randy was saying, it's common in the industry, when you have areas that have no contracts in place, AshBritt and all of our competitors were here on the ground talking to folks about using other contracts that are in place through a piggyback.

SENATOR WEINBERG: So you told the municipalities that they could piggyback before the State?

MR. MOSKOWITZ: Well, what I'm saying is we gave them options. We didn't push any piggybacks to municipalities. When we told them what options potentially could be available to them, we started talking to the State after landfall.

SENATOR WEINBERG: So did you tell the State, anybody in the Administration, they were going out to try to -- and I'm using your words -- market your services to the municipalities?

MR. MOSKOWITZ: No.

SENATOR WEINBERG: You had no contact with any member of the Administration prior to landfall?

MR. MOSKOWITZ: Prior to landfall, no.

SENATOR WEINBERG: Maybe I'm missing something here, but could any of those municipalities have piggybacked onto that Connecticut contract?

MR. MOSKOWITZ: Potentially, but that was--

SENATOR WEINBERG: Excuse me, what does that mean -- potentially?

MR. MOSKOWITZ: The answer is, potentially. (laughter) What happens is, in a lot of cleanups -- and this is what you're talking about, piggybacking -- there are over a hundreds contracts that exist right now that are piggybacked across the country, held by AshBritt and held by our competitors.

SENATOR WEINBERG: Okay, I'm not talking about any place else but New Jersey. So please, if you would just confine your answers

to the State of New Jersey. Could any town that Senator Kyrillos represents -- if the State had not signed a contract with you using the Connecticut parameters, could any town in Monmouth County have signed a contract with you using that Connecticut state contract?

MR. MOSKOWITZ: The answer is -- what you're asking is-- It didn't happen. We weren't there saying--

SENATOR WEINBERG: No, I didn't ask did it happen. I said can it happen?

MR. MOSKOWITZ: Yes.

SENATOR WEINBERG: So any municipality can also piggyback onto a State contract from another state?

MR. MOSKOWITZ: You're asking a question that does not have a definitive answer.

SENATOR WEINBERG: Well, apparently, it had a definitive answer for the State. You know, let me be clear here. Nobody ever-- People are using the term *no-bid contractors* in New Jersey -- that's what it was -- a no-bid contract. Nobody ever suggested it was a *no-show* contract. So nobody has questioned whether or not you did the work. The question comes to what I tried to introduce when I asked you earlier. Did the residents of the State of New Jersey get that work done at the best possible cost? And could they have gotten the work done through some other means, as apparently some of them did, at a much less expensive cost? That's the question here.

I do not understand how you would come in to the State of New Jersey using another state's contract, go out and-- You must have

hired people to market your services to the 51 towns, and whatever that you signed up, without talking to the Administration.

MR. MOSKOWITZ: Common practice in the industry among us and all of our competitors-- You had six, seven, eight competitors who were talking to all of your towns, trying to get in the door -- this was what was going on. It didn't just happen in New Jersey; it was going on in New York, and it is standard practice in the industry.

SENATOR WEINBERG: So then in all those other states-- I assume none of them ever tried to get a contract with the Administration?

MR. MOSKOWITZ: I can't tell you what conversations happened between the Administration and other companies.

SENATOR WEINBERG: Okay, when was your first contact with the Administration? When was AshBritt's -- not you, personally, but AshBritt's first contact with the Administration?

MR. MOSKOWITZ: After landfall.

SENATOR WEINBERG: And with whom did you have that contact?

MR. MOSKOWITZ: As we said before, it was with Charlie McKenna and Beth Mitchell.

SENATOR WEINBERG: I'm sorry?

MR. MOSKOWITZ: As we said before, it was with Charlie McKenna and Beth Mitchell. Beth Mitchell is in the AG's Office.

SENATOR WEINBERG: And you approached them and said, "We have X number of towns interested."

MR. MOSKOWITZ: No. We were talking about the Connecticut contract.

SENATOR WEINBERG: And did you talk about the Connecticut contract to all the municipalities that you were marketing to?

MR. MOSKOWITZ: No. Once we started talking with the State, any conversations at the local level ceased.

MR. PERKINS: May I add to that for a second?

SENATOR WEINBERG: I know that-- I'm sorry?

MR. PERKINS: After landfall we knew that the State was going to be presented with the option of utilizing the U.S. Army Corps of Engineers. So knowing that that was going to happen, was in the process; knowing that we are one of the five and the best Army Corps of Engineers contractors; knowing the pricing structure and how that takes place, historically, because we've lived it, we've done it, and done hundreds of millions of dollars worth of work in these situations with Army Corps of Engineers -- we knew going into this we had the advantage of being a Corps contractor, the best Corps contractor, knowing that the Corps of Engineers was pretty certain it was going to be used in the state of New York. So when we talked to the Administration -- and this ultimately (indiscernible) the whole approval process -- the State of New Jersey -- a little pat on the back, here -- got the best contractor, a Corps of Engineers contractor, for a discount price.

SENATOR WEINBERG: I'll try to remember that.

MR. PERKINS: Okay. I'll write it down for you. Thank you.

SENATOR WEINBERG: Again, and perhaps the Office of Legislative Services, through this Committee, could let us know whether it would be legal for a municipality to sign a contract under these kinds of parameters, based upon a contract that was put out in another state.

Now, you yourself, Mr. Perkins, you talked about that standard list: trees, trees with stumps, trees without; we all saw the list with comparison prices. Would there have been anything wrong with going in with that list to the State, to the Administration with your price list?

MR. PERKINS: I'm confused as to what your exact question is.

SENATOR WEINBERG: I'm sorry?

MR. PERKINS: Could you repeat the question? I'm a little confused.

SENATOR WEINBERG: Well, the list seems pretty standard -- the list that you referred to, where you said the only difference is the prices. That's the list, with the comparison prices, of all the different services that one does to remove debris: the kind of tree stumps, the kind of boats, the kind of cars, etc., etc. -- whether it's vegetation -- I mean, it's in here somewhere.

MR. PERKINS: Okay, I understand.

SENATOR WEINBERG: So would there have been anything wrong-- Forget the Connecticut contract.

MR. PERKINS: Okay.

SENATOR WEINBERG: It's four years old. Would there have been anything wrong with going in with this list of the basic things that you take out, with the prices per item, based upon mileage? I saw how you do it; seems pretty straightforward.

MR. PERKINS: It is.

SENATOR WEINBERG: X number of things here, what the mileage is, and what kind of debris you're hauling. Would it have been wrong to go into the Administration and say, "Here's what we need to

remove. This is the different mileage that we need to move it. Here are our prices.”

MR. PERKINS: That’s, in effect, what our Connecticut contract did. They were preestablished line items of pricing that were competitively bid in the state of Connecticut.

So are you asking--

SENATOR WEINBERG: Would there have been anything wrong with you going into the State of New Jersey, forget the Connecticut contract, say “Here are our prices, emergency procedure; this is what we’ll charge you.”

MR. PERKINS: You have to have a vehicle in place. You just can’t walk in -- us, or anybody else -- and say, “Here’s a list of our pricing. Can you hire us?” It just doesn’t work like that.

SENATOR WEINBERG: No, under an emergency, by the way, it’s -- you can (indiscernible) like that.

MR. PERKINS: Well, the State of New Jersey clearly has, as every state does, abilities under emergency authority to do what they need to do to protect life, health, and safety.

SENATOR WEINBERG: Again, I’m hoping OLS can answer that question. You marketed to all the local municipalities and then decided to go to the State the day after. Did any of your consultants -- and I’ll use your word -- did any of your consultants make a call the day before the storm, or the day of the storm, or the day after the storm on behalf of your company to, kind of, clear the way a little bit?

MR. PERKINS: Prior to, no; during, no; afterward, yes.

SENATOR WEINBERG: Okay, and what would that be? The day after landfall?

MR. PERKINS: Yes -- 24, 48, 72 days (*sic*) after.

SENATOR WEINBERG: Would you say, "This is a great company. We have experience with--" and whatever.

MR. PERKINS: After the fact. After -- from the day on, until present.

SENATOR WEINBERG: When your consultants made these calls, did you already have the contract in place, or a precontract?

MR. PERKINS: No.

SENATOR WEINBERG: No, you didn't have the contract?

MR. PERKINS: No.

SENATOR WEINBERG: Okay. So now we've got the day after the storm, the consultants made the phone calls -- or a consultant, or a group of consultants -- whoever -- made the phone call and then the contract was signed that same day?

MR. PERKINS: No. The contract was signed by the State prior to any of our consultants talking to the local governments.

SENATOR WEINBERG: What about to the State?

MR. PERKINS: To be accurate on the timeline--

MR. MOSKOWITZ: We didn't talk to the State until the 30th; the contract was signed on the 31st. The requisite documents, the filling out of all the 901 -- that happened subsequently over several days. No work had yet commenced until all of the documents were in place -- even though you're saying the contract was in place on the 31st. We still

had a several-day process of getting documents in before we could commence work -- before we could do any work under those contracts.

SENATOR WEINBERG: So there were seven days between the time you got the contract and before you could commence work?

MR. MOSKOWITZ: Several -- not seven

SENATOR WEINBERG: Do you have any idea of how many?

MR. MOSKOWITZ: I do not.

SENATOR WEINBERG: Okay, so there was a time lapse right there.

MR. MOSKOWITZ: Well, no, we can provide that. You asked earlier to see the contracts from the towns, so what you'll be able to see -- you'll see the date that the first town signed a contract versus the date of the State contract. And then you can figure out the difference of days there.

SENATOR WEINBERG: Okay. The object of all of this, at least for me, is to find out if the State could have, should have, solicited some kind of proposals from other people to compare prices. And again, we refer to this as a no-bid contract because in New Jersey it is a no-bid contract. But we never said it was -- my term -- a no-show contract. I think we would have been hearing a lot more about that if that had been the case.

But I think it's everyone's common belief that AshBritt went in to remove debris and didn't charge for anything that it wasn't doing. But again, my questions are -- and that's one concentrating on the timeline -- is what consultants did. How are those consultants fees factored into what our taxpayers are going to pay in the long run? And, most of all, should we, could we have had the time -- by we, I mean the Administration -- to go out

and get some comparative prices? You know, maybe get a second company onboard, or maybe say to all these municipalities, "You can choose *A* or *B* or whatever." So that's the reason.

MR. MOSKOWITZ: I can answer one of those questions, and then Randy can answer the others.

None of the consultants' fees are factored in to the pricing. None of the towns paid any of the consultants. Just like any company who hires consultants, or hires a lobbyist who lobbies the Legislature or lobbies--

SENATOR WEINBERG: Excuse me, Mr. Perkins didn't like your use of the word *lobbyist*.

MR. PERKINS: Consultants, Jared.

MR. MOSKOWITZ: No, I understand.

MR. PERKINS: I know they all know what lobbyists are, clearly, but we're talking about consultants.

MR. MOSKOWITZ: No, I understand. There are a thousand lobbyists registered in the State of New Jersey -- that's what they're called, you know, when they register at the State level. There is no line item for our pricing. That has nothing-- If AshBritt makes--

SENATOR WEINBERG: Believe me, I understand well enough how consultants are paid.

MR. MOSKOWITZ: Okay.

SENATOR WEINBERG: I didn't expect to see a line item. But it is certainly factored into your cost of doing business.

MR. MOSKOWITZ: Well, if we make \$5 and we decide to spend \$3 on consultants, or marketing folks, or my lawyer sitting next to me -- that's coming out of our profit. It's not factored into whatever our

line items are. How we spend our profit-- There's less money for us at the end of the day. I can imagine this guy's not -- his hourly rate's not cheap. I mean, ultimately, there's going to be less money for us.

MR. PERKINS: I thought he was pro bono.

SENATOR WEINBERG: Well, you can describe that any way you wish to describe it, but it's, in fact, it's factored into the cost of the business--

MR. PERKINS: No, the answer--

SENATOR WEINBERG: --whether you want to factor it into your profits or your costs. But that's your business plan.

MR. PERKINS: I do want to be clear on the characterization of "it's factored into our business and our pricing." I'm the CEO of the company, I sign off on the budget. That answer is no -- we do not factor consulting into our price to our clients.

As far as did the State or did the local governments have time to put out a bid -- the State had two options: The State could have gone with the Corps of Engineers.

SENATOR WEINBERG: Not a bid; an emergency contract, or proposal, or whatever. We do have emergency procedures in the State of New Jersey which means they don't have to go out for public bid. They just declare an emergency and then they negotiate a contract.

MR. PERKINS: You're accurate on what you've said so far. However, the reason we get the President of the United States to offer direct Federal assistance is because in a disaster of this size you must have unified command structure. You must have a coordinated effort. You cannot have-- The reason that this is in place -- because it's recognized at

the highest level of this government that when that is made, that there is a great likelihood that the response that's necessary, and the capabilities that are needed are disrupted because of the magnitude of the event. And in some cases -- not New Jersey, this is just kind of how the rationale works -- is it's beyond, in some cases, the capability of local governments, a) because they've been wiped out, they're covered in beach sand, their public infrastructure is gone, their police cars are flooded, their fire trucks-- All the various rationales that trigger the Federal government making direct Federal response the response available.

Nor am I suggesting that anybody on this Committee is putting a dollar value on my next statement -- to life, public health, public safety. But for anybody on this Committee who can sit here and honestly believe that under your own emergency guidelines these 51 municipalities had the time to even phone solicitation-- They were in chaos. They were busy protecting public infrastructure, public life, safety, health, infrastructure -- all these things that clearly everyone here knows. For anybody to think that, reasonably and logically, that it was a good idea to try to put out some type of procurement, some emergency procurement within the bounds and confines of your existing authorities that the local and the State government had to do -- potentially have 51 different companies working, 51 companies that potentially think they can do the work, like Ceres did on their low price -- and think that they can go through this process-- And then you've got protests, and, "I didn't understand the procurement; it was written in a hurry, it wasn't clear." And then the lawyers get involved and say, "Well, you weren't specific on this," all these things-- It's just not realistic.

SENATOR WEINBERG: Well then, why did you go to 51 different towns? Why didn't you just go to the State? I agree with you, by the way. So why would you go out and market your services to 51 or more different communities and then, after the fact, go to the State to try to get this one contract? I agree with you that that was -- getting a State contract was probably the most expeditious, clearly articulated manner to do this. Although there are towns that, apparently, found ways to do the same work--

MR. PERKINS: One town.

SENATOR WEINBERG: --at a lot less money.

MR. PERKINS: It's actually singular -- it's *town*. The other two chose to do it with internal forces and force account labor.

And to expand upon the question that you're asking is that vehicle that this Administration put in place allowed the local towns and municipalities to do one thing. They didn't have to go through emergency procurements, they didn't have to do-- They had to print three forms on the internet and sign off.

SENATOR WEINBERG: I think we all understand that.

So my question still is: Knowing that -- and I'm not arguing that point with you. You're a big company, you've done this in many other states, several other states where you have this contract in place -- why would you go out and try to, before landfall, try to market your services to a whole variety of communities, rather than go to the State and say, "Look at the Connecticut contract. Put your contract in place."

MR. PERKINS: Because prior to landfall -- which is when this started, this 48-hour period as I stated earlier -- we did not know exactly

where this thing was going. Knowing that, as we speak to New Jersey, we wanted New Jersey to know, these towns and municipalities -- not knowing what vehicles would be in place, what procurement methods they would have. The fact that this Administration did the very, very decisive thing and showed incredible leadership, not knowing that that was going to take place -- we wanted these municipalities to know -- and most of them, some of them knew us from some hurricane conferences, some emergency management, "Hey, AshBritt's here. We're going to be mobilized. We're going to be in town. We're going to try to come by and see you and help you." Because you have a period where they can do things for a couple of days, by the hour, and these types of things where they can, pretty much, do what they have to do the day, two, three afterward. We wanted to get our foot in the door, we wanted them to know who we are -- all the various reasons that any business would do to have the potential ability to sign a long-term contract. The fact that it was recognized, once the direct Federal assistance was made by the Federal government -- that whole game plan changed. Because now that made the Federal government, the Army Corps of Engineers available. We were pretty certain they were going to go -- that Governor Cuomo was going to go with the Army Corps of Engineers. That was relatively certain, at least in my mind and my experience. Therefore, we knew that the State of New Jersey was going to have that option, too. And what we were able to present to the State of New Jersey is, "Hey, you're gaining a Corps of Engineers contractor; you're gaining the best of the five Corps of Engineers contractors. And guess what? You're getting them at a discount." And, again, I respect the grilling over reasonableness and pricing and reimbursement from every member of the Committee,

because that's what you should be doing. But I am telling you the facts are the facts. You've got one price in a neighboring state -- apples to apples, identical line items -- and the decision that was made by this State. When you talk about Federal dollars -- and we're all taxpayers here -- you've got a non-Federal share that's ultimately going to be borne somehow back to the local resident and their property taxes, and however they go about paying that bill. And the fact of the matter is that non-Federal share in the State of New Jersey is going to be significantly less to the residents of these communities than they are in New York. And those are facts.

SENATOR WEINBERG: Okay, well you've not answered my questions, necessarily, to my satisfaction. But I think you've tried.

Thank you very much. I appreciate it.

MR. PERKINS: I've tried. I'm sorry.

SENATOR GORDON: I think Assemblyman Burzichelli is next in the queue.

ASSEMBLYMAN BURZICHELLI: Thank you, Senator, and I'll be very brief.

Mr. Perkins, a couple of points have come forward that I think would be helpful to us to understand. Senator Weinberg, I want to go-- Since it's fresh, since her recent questions. Understanding the emergency powers that are afforded to our Executive -- and, frankly, on down to the mayoral level -- in managing these kinds of events, if the State of New Jersey had approached your company as you were leading up to this, and relationships were in place, and you're marketing-- You're not a stranger, and that's a good thing because when you get these kinds of circumstances, you don't want to deal with strangers. So if the State of New Jersey had

said to you, "We understand there is a Connecticut contract we can piggyback off of. You know, we don't exactly like all of that. We would like to enter into an arrangement with you for a State contract, and we are recognizing that likely a State of Emergency is going to be declared. And at the time of that declaration, we will negotiate with you directly for a contract." Was that ever contemplated? Was that ever talked about?

MR. PERKINS: No.

ASSEMBLYMAN BURZICHELLI: Then taking into consideration the Connecticut contract-- Well, let me back up again; I'm sorry. Had that conversation occurred, would you have walked away from that discussion and said, "We will not negotiate a contract with you?"

MR. PERKINS: If the State of New Jersey -- in this hypothetical instance that you're putting forth -- would have said, "Mr. Perkins, can you do the work cheaper than \$21.25?" Or, "Mr. Perkins, this company Ceres," who had issues that we talked about, "says they can do it for much less than you. How about using your Delaware contract?" my answer to the parties-to-be would have been, "Absolutely not. The work cannot be done for that. We're paying the New Jersey contractors" -- that we spoke of before -- "up to \$15 a yard." Now, how do you pay a New Jersey contractor -- and it was very painstaking to try and negotiate with New Jersey's contractors who are used to hauling aggregate, or used to doing (indiscernible) materials, or are used to building roads and bridges -- to tell them, "I'm having trouble getting you working at \$15 -- \$12, \$13, \$14, \$15 a yard." Could you imagine if I was trying to negotiate with a New Jersey contractors and only able to pay \$6? It wouldn't happen.

ASSEMBLYMAN BURZICHELLI: I'm not going to suggest that I would be a better negotiator than you. But I can say to you that, based on the circumstances of our employment in New Jersey at the time this thing was unfolding that that was a great time to negotiate a price.

Putting that aside, I just want to be clear in understanding that the option for New Jersey to negotiate directly with you, independent of accepting the Connecticut contract, was an option that could have been exercised.

MR. PERKINS: The question-- The way I'm going to answer that is you need to speak to the Administration on what they believe their options would have been. The answer to you is we would not have negotiated one of those line items as I stated before in existing, competitive contract from the state of Connecticut. You cannot renegotiate those line items. And what I would say is I'm glad I'm not sitting here today trying to explain to this Committee why 99 percent of the subcontracting dollars went to contractors from out-of-state because I took a contract that was too low and I couldn't afford to hire your contractors and keep people employed in this state. I just wouldn't want to be in that position.

ASSEMBLYMAN BURZICHELLI: Well, Mr. Perkins, you're not in that position. But we are in a position--

MR. PERKINS: I'm not in that position because, fortunately for us, we made a very good business decision and we had enough money on our contract to employ -- 60-something percent of our subcontracting dollars ultimately will go to New Jersey companies. And I'm sure the Committee is pretty happy about that.

ASSEMBLYMAN BURZICHELLI: And, through the Chair, we're very happy about that.

And my direct question is, would you have negotiated -- considering the size of this contract and the events that unfolded and the value of the work that was going to occur -- if our people had said to you, "We like you, we trust you, we want to enter into a contract with you. We don't necessarily like the Connecticut contract and its details. We will negotiate a contract with you, based on the emergency power extended to the Executive under these circumstances. And we will do this immediately and it will be your work, but we want to negotiate terms with you"? Would you have walked away and said, "It's Connecticut or nothing"?

MR. PERKINS: The short answer to that question is -- you're going to have to let me expand upon it (laughter) -- is no. You are correct. I would not have walked away from a contract potentially worth tens of millions of dollars. However, I would have advised the State of New Jersey, had I been in the opportune position that the Corps of Engineers Contractor was in New York -- where they could go out and assess, and see, and evaluate, and do all these other great things, and work by the hour for a couple of weeks and then kind of figure out my rich reward -- that would have been one thing. But I assure you what I would have suggested to the State of New Jersey is, "My beginning point for negotiations is my state of Connecticut contract. I highly suggest that you use a contract that was competitive instead of this 'let's negotiate what could've, what should've, what would've been,'" and my pricing would have started there and gone up.

ASSEMBLYMAN BURZICHELLI: And I'll say, through the Chair, that I trust, based on skills that you've demonstrated today, that those negotiations could have resulted in you being engaged by the State of New Jersey. And I also say to you that I have great faith in my fellow New Jerseyans and their negotiating skills. In the Northeast we happen to haggle from time to time over things. I would have been interested to see what that result would have been.

So I want to be very clear: The answer is you would have negotiated, you would have stayed in the room, and given the opportunity to have a contract with this State you would have, obviously, tried to strike the best deal that you could but you would not have walked away if New Jersey said, "We're negotiating with you and you're our guy. We have emergency powers to do this." You would have stayed in the room. You answered yes -- correct?

MR. PERKINS: I answered yes. I would also ask if maybe we could bring Governor Cuomo in the room and he could be part of those negotiations -- because the pricing would have been much better.

ASSEMBLYMAN BURZICHELLI: I want to tell you, I always enjoy the good governor of the state of New York. And we recognize New York as a different place.

And I'll close with this question: Were there any addendums to the Connecticut contract that, in the end, we piggybacked on and you entered into -- any addendums?

MR. MOSKOWITZ: The Connecticut contract has addendums and just like-- It's a complete document. So whatever addendums were put in place by Connecticut beforehand--

ASSEMBLYMAN BURZICHELLI: I'm sorry. You're a colleague, you served in the legislature in Florida, and I welcome you here in that respect. But my question is: The contract executed in New Jersey -- did it have addendum language specific and unique to the document signed for this State?

MR. MOSKOWITZ: Are you asking was there any New Jersey addendums added?

ASSEMBLYMAN BURZICHELLI: I think that's what I just asked.

MR. MOSKOWITZ: Okay, so no. The only New Jersey language that was added to the contract was the six-page New Jersey contract that you have that was part of the language that included the insurance, that included all the A-901 requirements, it included all the documents that needed to be added. I think we submitted that document to the Committee as part of the document request.

ASSEMBLYMAN BURZICHELLI: All right, so through the Chair, Mr. Perkins, I close on this one. You've presented yourself well today. You are a take-charge individual, which is the kind of person who I think you want quarterbacking this kind of arrangement when it occurs. And our goal here today is to understand how we entered into this agreement and what the details are.

If you had negotiated a contract directly with the State of New Jersey -- and that's an *if* -- and there will be another day for negotiation, by the way. And based on the confidence that you have explained today, if you were asked as part of our relationship to indemnify any recalculation, any back charges, any charges that FEMA decides two years from now were

overcharges, would you have indemnified-- If asked, would you have indemnified the State of New Jersey, and its municipalities associated with the related State contract, that they would be indemnified against any back charges by FEMA?

MR. PERKINS: No.

ASSEMBLYMAN BURZICHELLI: Frankly, that's in conflict with your confidence that you explained to us -- that there was not going to be any chance of any back charges based on your experience in relationships, when comparing your prices to what took place in New York. Why would you hesitate to indemnify?

MR. PERKINS: Any contingencies whatsoever, including what you're referring to, make the contract illegal. It would immediately be disallowed and zero money would come to the State of New Jersey for any of the work that we did. It's against the law at the Federal level.

ASSEMBLYMAN BURZICHELLI: I find that-- I was closing, but I find that curious. I'm taking your word on the fact that it's illegal by Federal standards. But let me paint to you another scenario, and I'm not suggesting that we're going to end up there. But we have circumstances of emergency where we had gas stations that charged and gouged people. They will be pursued; we have laws for that. We have the same circumstances of the people who provided lodging during the storm; they will be pursued for overcharging. In a case like this, if there are back charges and it becomes clear that there were overcharges, would you think that you would be subject to that pursuit from the State to reclaim any money that was, otherwise, not correctly billed to FEMA, or not permitted under the contract?

MR. PERKINS: That's one of your particular hypothetical questions that is just impossible to answer right now.

ASSEMBLYMAN BURZICHELLI: Okay. But, by the way, thank you and I think this day's been worthwhile. You spent a lot of time here. You've become less of a stranger. And this Committee appreciates your testimony.

And, by the way, I just want to say that when my colleagues ask questions on the other side of the aisle, the answers seem to be very short. We got the long answers -- (laughter) -- all of them enlightening.

May I also say this. Considering the number of "consultants" you've hired in New Jersey, it's good to know at least some money is going to stay in the State. (laughter)

Thank you.

MR. PERKINS: Thank you.

SENATOR GORDON: Okay, a quick question from Senator Buono, and then we're going to have Assemblyman Bramnick.

SENATOR BUONO: Just two quick--

SENATOR GORDON: We recognize the hour is getting the late.

SENATOR BUONO: Two quick follow-ups.

ASSEMBLYMAN BRAMNICK: The hour is getting late, Chairman, with all due respect. If you allow the Democratic side to go on without limitations -- go from Democrat to Democrat -- then you say the hour is getting late? That's a bipartisan hearing, a fact-finding hearing? I don't think so.

SENATOR GORDON: My side just, perhaps, gets into a little bit more detail.

ASSEMBLYMAN BRAMNICK: I understand that. But you went from Senator Weinberg to the Assemblyman Burzichelli to the Senator without coming across the aisle. Look, the public is going to make this determination but, as you said, if this is fact-finding, let's do fact-finding. What you have is repetitive questions covering the same areas, giving the same questions, and no change. So wherever the smoking gun is, I haven't seen it.

SENATOR GORDON: Senator Buono, and then Assemblyman Bramnick.

SENATOR BUONO: Thank you, Chairman,
I just had a couple follow-ups to Assemblyman Burzichelli and Senate Majority Leader Weinberg.

I just want to make sure I understood the testimony from-- Your answer to Assemblyman Burzichelli was that there was a potential scenario of you beginning negotiations on the Connecticut contract -- that that could have been a beginning point. And you said, "We could have gotten a better deal in New Jersey." And that wasn't done.

MR. PERKINS: The answer to that is no.

SENATOR BUONO: No, that-- No -- what? No -- what?

MR. PERKINS: If we can get back-- Could we get back to dealing with the facts? I mean, the hypotheticals are getting a little bit out of the way here. Could you have done this? Would you have done this? Etc., etc., etc. So we can paint all these false scenarios and these make-

believe situations all you want, Senator. The fact of the matter is, let's just stick with the facts.

SENATOR BUONO: Look, look, look.

MR. PERKINS: Listen, I appreciate-- Excuse me.

SENATOR BUONO: We are stewards of the taxpayers.

MR. PERKINS: I agree; so am I.

SENATOR BUONO: No-- That is our job.

MR. PERKINS: I pay taxes, too -- at a very high rate, I might add, starting with this year. But I've answered the questions, I agree with what this Committee's doing, and I know it's been stated here that this is not a political event, okay? But with all due respect, you're running for Governor, okay? So--

SENATOR BUONO: That's inappropriate.

MR. PERKINS: No, I'm sorry. I'm sorry.

SENATOR BUONO: No, no, that's a disservice to the people who elected me to represent them. I am a State Senator and I represent the 18th Legislative District. And I bet you don't know where that is. But let me just say this: That the fact of the matter is, it is a fantasy, it is a scenario that didn't occur simply because no one attempted to negotiate a better deal for New Jersey. Let me finish.

MR. PERKINS: Go ahead.

SENATOR BUONO: No one attempted a better deal for New Jersey, and your testimony is that you couldn't utilize this no-bid -- my words, my terminology, the Attorney General's terminology as well -- we could've utilized the no-bid contract with the state of Connecticut that was

negotiated four years ago as a beginning point for a better price for New Jersey, and that would have impacted more favorably on the taxpayers.

Okay, number two. And I just wanted to--

MR. PERKINS: My answer is no. Let me be very clear: My answer is no. Your question to me -- is no.

SENATOR BUONO: And then, through the Chair, Mr. Moskowitz, I believe --- you testified that prior to landfall, municipalities-- You approached the municipalities to try and-- The question arose whether or not you were approaching municipalities and the possibility was that they could actually piggyback without the State -- piggyback on other State contracts. Is that accurate, or did you not say that?

MR. MOSKOWITZ: The answer is, is that we had an ongoing effort. What I can't tell you -- because obviously I have a staff -- is how many we spoke to. I mean, as the storm was approaching and after the storm, getting in touch with municipalities was extremely difficult. And so while-- Yes, AshBritt and other companies -- we're here on the ground, we're making phone calls. What I can't tell you today is how many people we actually spoke to about that.

SENATOR BUONO: Right. No, I wasn't asking that. I just wanted to make sure I understood what you were doing prior to landfall. So you, along with many competitors, as you said, were trying to get in the door -- I think, was your terminology -- with the municipalities.

MR. MOSKOWITZ: Yes, every company in our industry is using all their tools and their marketing efforts.

SENATOR BUONO: But you didn't; you weren't able to before the storm hit.

MR. MOSKOWITZ: Correct.

SENATOR BUONO: And you knew the storm was about to hit, and you knew that the State would have an option of going with the Army Corps of Engineers once the storm hit. And, in fact, the state of New York did that.

MR. MOSKOWITZ: Of course.

SENATOR BUONO: Right. And you still haven't been secured by any municipality prior to landfall?

MR. MOSKOWITZ: Correct.

SENATOR BUONO: Okay. And so is that when you had your lobbyist Haley Barbour contact Governor Christie to tip the scales so that New Jersey would go with the state of Connecticut's contract?

MR. MOSKOWITZ: It's been well reported that Haley Barbour and Governor Christie spoke, along with the fact that Governor Christie spoke to other governors. I think he has said that in multiple papers. I mean, I can't tell you what Jeb Bush and him talked about, or--

SENATOR BUONO: Well, I'm not asking that. I was just asking what happened in terms of the timing of Haley Barbour speaking to Governor Christie. Was it after the storm hit?

MR. MOSKOWITZ: I do not know what they spoke about.

SENATOR BUONO: Okay. All right, thank you.

SENATOR GORDON: Assemblyman Bramnick.

ASSEMBLYMAN BRAMNICK: Thank you, Chairman.

I think the use of the words *tipped the scales* is political; it's not a question. If we're going to ask questions, let's ask specific questions and get answers if we're talking about fact finding.

With respect to the Connecticut contract -- that was bid, and how many people bid on that? Or how many companies bid on that?

MR. PERKINS: The short list, after the process, was 10 contractors, where they--

ASSEMBLYMAN BRAMNICK: Ten contractors -- and they talked a price of debris removal. Was that the nature of the contract?

MR. PERKINS: That was one of the primary line items in the contract.

ASSEMBLYMAN BRAMNICK: In other words, you had a bid and put a number in there that would, hopefully, be lower than the other bidders, correct?

MR. PERKINS: Correct.

ASSEMBLYMAN BRAMNICK: Right. And you were the lowest bidder, correct?

MR. PERKINS: No, we weren't. The evaluation process-- We were not the highest, I can tell you that. We were not the lowest. There are multiple non-cause factors that go into evaluation.

ASSEMBLYMAN BRAMNICK: And are the other factors the quality of your service?

MR. PERKINS: Quality of service, operation capabilities, management capabilities, past performance--

ASSEMBLYMAN BRAMNICK: And did it say anything about the Connecticut contract, which would be defined as no-bid?

MR. PERKINS: No.

ASSEMBLYMAN BRAMNICK: That is a bid contract, correct?

MR. PERKINS: That's correct.

ASSEMBLYMAN BRAMNICK: Now let's move to New Jersey.

If during this storm -- which Senator Weinberg would like to reduce it to a slow-motion videotape, and insert what I call *Trenton gobbledygook*, while the leader, Governor Christie, is making a decision where the video is not in slow motion-- The question becomes, now there's some indication from the democrats that they would like him to open up the bidding process, open up the negotiations. Can you explain in straight, simple terms, when you open up that bidding process, does it, 1) create a question with respect to FEMA, 2) does it raise a question with respect to public bidding laws -- if you know? Or does it raise other issues that would delay the process in terms of the public getting the debris picked up?

MR. PERKINS: There is zero question that, presented with the option that this Administration had -- not one, not two, not five -- zero question that with the Administration's option of going with the Corps of Engineers or signing a contract with our company-- Those were the two choices. Let's get back to the local government where this was where the decisions were made. Again, if you put out bids, your own elected officials, your own public works directors, your own solid waste -- the entire one of these teams -- did not have that option. They were told their option by FEMA. "You can go with this contract," this is what they were told, "or you can put out a bid." And overwhelmingly, 100 percent of the municipalities said, "We don't have time to put out a bid. We can't go through the process. Even in emergency situations, even in a rush situations, we've got to deal with protests. We don't know who we're

hiring. What if this company from Texas comes in here at a low price? We don't have time to make calls and check references." That's why they went with the best choice that was on the table.

ASSEMBLYMAN BRAMNICK: And I understand that that was a vehicle provided for them, and I understand they had a choice whether to use you or bid otherwise. My question is, based on your experience in crisis situations and massive disasters, what type of process would have occurred, in terms of slowing the process, if this had been opened up and what kind of delays would have occurred, if you know and if you can answer that question?

MR. PERKINS: I absolutely believe if that scenario would have taken place, this State would have been well into the end of the year before they were where they are today.

ASSEMBLYMAN BRAMNICK: Thank you very much.

SENATOR KYRILLOS: Mr. Chairman.

SENATOR GORDON: Senator Kyrillos.

SENATOR KYRILLOS: Thank you, Mr. Chairman.

That was very telling, Mr. Perkins, what you just said. The end of the year -- is that what you just answered to Assemblyman Bramnick?

MR. PERKINS: Absolutely, without question.

SENATOR KYRILLOS: I guess a good example was one that was cited earlier by Senator Kean and me -- Fire Island, New York. They're not cleaned up, correct -- today?

MR. PERKINS: I don't know the process; they're in the process of cleaning that up. But based on the situation that they're in--

That's not the Army Corps of Engineers' fault; this is a protest problem that they had on that contract. But nonetheless, they're not cleaned up today.

SENATOR KYRILLOS: Precisely the kind of scenario that we would not want to have seen unfold in New Jersey.

For those members of the Committee, Mr. Chairman, who don't live in the affected areas, I really don't think you appreciate, based on what I have heard today, the level of desperation, the intensity, the ferociousness of what was on the streets: houses, roofs, refrigerators, everything -- cars. There was no time for the kind of process we would employ in a perfect world. Nonetheless, some towns chose a different path -- some in the most affected territories.

Just a couple quick points. I wasn't going to mention Governor Barbour, but he's been mentioned several times today. You worked with Haley Barbour during the Katrina episode?

MR. PERKINS: Well, Governor Barbour, obviously-- During Katrina, he was the Governor of Mississippi.

SENATOR KYRILLOS: Right, right. And you worked with Governor Jindal in Louisiana.

MR. PERKINS: No, at the time the governor was Governor Blanco.

SENATOR KYRILLOS: Okay. And the governors of Florida and, perhaps, Alabama and other affected states. The point is, when you have a disaster like this one where there is very little precedent, why wouldn't any one of us talk to counterparts in those territories? Governors talk to fellow former governors, state legislators can talk to other members of legislatures in affected territories as to how they respond to those kinds

of disasters. Mayors can talk to mayors. The fact of the matter is, Governor Barbour was a successful two-term governor of a state hit just as we were hit. So that's human nature, and that makes some sense.

And finally, I know that Assemblyman Ramos pointed out, Mr. Chairman, that there were some bills that were heard in Assembly committees recently, and a couple in the Senate Environment Committee as well. I said that we had 29 bills that hadn't been heard; I'm told by our Assembly staff that there are many more than that in the General Assembly. I am happy and pleased that 7 of them are getting some hearing, although some just had a hearing -- not passage -- in Committee. But my larger and my overarching point is that most -- most -- the vast majority have not.

Thank you.

SENATOR GORDON: Thank you.

Before I turn to Senator Kean--

MR. MOSKOWITZ: Mr. Chairman, Mr. Chairman -- just a quick question. Is there a definitive time when the hearing may be ending?

SENATOR GORDON: I was about to say that I wanted to make a couple of comments, and then I'm going to turn to Senator Kean for a closing question. And then I'm going to try to bring this hearing to an end because the hour is getting late and I think it's snowing out.

In any case, what I would-- Apparently while we were having this hearing, a story has been filed at the *Star-Ledger* with the following quotation from FEMA. "Neither the Administrator nor the Chief Counsel of FEMA are familiar with the details concerning a New Jersey contract with AshBritt, nor has either of them provided any approval of the contract on behalf of the agency," said Lars Anderson, the agency's Director of

Public Affairs -- which seems to contradict your indication that there was a FEMA blessing to the contract.

MR. MOSKOWITZ: What I can tell you is, as the negotiations were going on with the State of New Jersey, as we were filling out our documents, there was a moment in which-- They had a meeting with FEMA. Before we were allowed to proceed, we were told that they had met with FEMA and made an agreement that we were allowed to proceed under the Connecticut contract while the State of New Jersey went out to bid. FEMA has been at the table as this contract -- as the mission has gone on -- in Ocean County and other towns. So the idea that-- I don't know who they spoke with. The idea that FEMA hasn't heard about it or heard about the contract -- just like any government organization, it's a big organization, there are a lot of people. We've been working with FEMA on a day-to-day basis.

SENATOR GORDON: Well, we seem to have some division of opinion here. And all I can tell you is that the Director of Public Affairs in Washington at the headquarters of FEMA is saying that they, in effect, did not endorse the contract.

I have not asked any questions for awhile. I would like to get a couple in. And then I will turn to Senator Kean, and then--

MR. PERKINS: Can I respond to what you were talking about?

SENATOR GORDON: Yes.

MR. PERKINS: Okay, with all due respect to the *Star-Ledger* -- and with all due respect, it pains me to have to say that -- but with that being said, we've got somebody who was quoted in the newspaper. What

I'll do is encourage you-- I can tell factually that the attorneys from FEMA were sitting in the meetings that I was sitting in; they gave guidance to the municipalities that this contract was clear to go; they gave them their options including staying with the State contract to utilize. So with all due respect that this is some smoking gun -- it's shooting water right now because it's just not-- The Public Affairs person can say what he wants. I will be happy to come back to this Committee meeting with Craig Fugate and an attorney from FEMA sitting right next to me and we can pick this up where we left off.

SENATOR GORDON: Okay. This reminds me that, as I said earlier in the meeting, we would really-- This Committee needs to get the documents that we requested earlier, showing the FEMA approval of this, and we should have it resolved -- resolve the issue.

MR. PERKINS: That information you're going to have to request through the Attorney General's Office.

SENATOR GORDON: Yes, and we will do that.

Just a couple of questions, and I would appreciate succinct answers, because we want to bring this to a close.

Earlier in the hearing you mentioned that AshBritt had approached New Jersey before -- I assume years and years ago. Could you tell us when that occurred?

MR. PERKINS: I don't have specific dates now, but I can assure you that New Jersey, along with other states, at hurricane conferences, at emergency management meetings -- things like that. It's just part of our business. I can tell you New Jersey was one of them.

SENATOR GORDON: So it really wasn't a meeting in the Governor's Office. It was, really, your marketing in New Jersey.

MR. PERKINS: That's correct. And it would have been during the prior Administration, Senator.

SENATOR GORDON: Okay. My understanding is that AshBritt hired Conti and Ferreira Construction to assist in recruiting contractors. How did you get in touch with them, how were you put together with them?

MR. PERKINS: As part of our way of doing business -- as we did in Katrina and Mississippi -- we engaged three of the largest road and civil contractors in the state to become teaming partners -- joint venture partners with us. Part of that procedure -- and it's not a yes or no answer -- is we did several things. We reach out to other counterparts, such as Conti, in other states because they usually know each other from Road Builders Association, and various associations and groups that they belong to. We reach out-- One of the first things we do is we'll reach out to Caterpillar. Caterpillar is a pretty good judge of who the biggest and best contractors are in a particular state because they sell them the equipment. So that's one of the processes we use. We interviewed several companies besides Conti to see who was interested in partnering with us in a joint-venture situation. And when we go through that process, we vet them. We look for big companies, we look for financially solid companies, we look for companies that have some degree of synergy to what we're doing. We look for companies that can help share in the financial risk of the \$50 million, in this case, that we had to put out before we received our first dime. Conti was responsible-- Not knowing the local New Jersey contracting crowd and

all the different businesses and people who wanted to do work under this contract, understandably we need somebody -- a partner -- to help us vet these contractors and small businesses. In this case, a lot of the companies that we hired at the local level, that were based out of these towns and municipalities, depend on companies like Conti throughout the year to help keep them going and give them business under these major multi-million dollar contracts that they have. So through an exhaustive process we ended up deciding on Conti as the right fit for us under this particular contract.

SENATOR GORDON: Okay. And finally, the contract that you won, I believe, was in January of this year, along with three competitors. Were the rates generally above or below the 2008 Connecticut contract?

MR. PERKINS: Are you referring to the new contract that was issued for wet debris? Or are you talking--

SENATOR GORDON: The January 2013 contract.

MR. PERKINS: Our prices were identical.

SENATOR GORDON: Okay.

Let me turn to Senator Kean.

SENATOR KEAN: Thank you, Mr. Chairman.

The issue to get back to, I think -- Assemblyman Burzichelli's question on the reimbursement of overpayments issue. I think it would essentially be, through the Chair, essentially rebate would be an absolutely (indiscernible) activity under any auspices, going forward, on the Federal level. So that's why I advocate not going on.

The second issue I have, through the Chair, is the Democratic governor of Connecticut has activated this two-year-old contract -- or four-year-old contract -- how many times?

MR. PERKINS: Three times.

SENATOR KEAN: Three times -- to great success, I -- through the Chair, to both that governor's success and to the citizens' satisfaction.

MR. PERKINS: A-plus.

SENATOR KEAN: Okay. Mayor Bloomberg, through the Chair, I'm not sure what his party affiliation is at the moment (laughter) although I have a-- I don't see any 16-ounce or 32-ounce sodas here on the table, or earphones -- which seems to be his most recent area of focus. But regardless of his affiliation, the Mayor of New York City has activated this contract as well?

MR. MOSKOWITZ: They, too, did a piggyback document through the emergency powers that the city has, and they did it the day before the State of New Jersey.

SENATOR KEAN: Okay. And, through the Chair, so I would say to success as well. So they've used the exact same process that we utilized to-- As we stated earlier, I think should be clear, is that your performance is unquestioned in this regard. And I think that's a testament to not only you but, through the Chair-- You hired, essentially, 40 companies -- 40 New Jersey-based contractors were utilized under your contract, right?

MR. PERKINS: I believe the number is actually over 50.

SENATOR KEAN: Okay, so over 50; so nearly 70 percent New Jersey workers on the ground getting the job done. So to a person those contractors completed their job to a very successful degree.

MR. PERKINS: The final number will be over \$80 million, \$85 million that we paid out to New Jersey businesses. That's a big number, and it's a number that was fair, that was equitable, and it was actually a number that they can actually make payroll, make a little bit of money, potentially buy new equipment. Because we had enough in our contract to get the job done; therefore, that money funnels down so we can pay the proper rates and the proper amount of money it's going to cost to do the job that we did -- that is substantially, pretty much, completed as we sit here today. That's the long answer, but yes.

SENATOR KEAN: I think that that is very important, as through the Chair, it will get back to our experience versus those of other states. Part of the reason that people have optimism right now-- I mean, you can argue that are people rebuilding, going forward-- It's because they can actually, through the Chair, access their homes. They can get to the areas where they can hire people to feed the rebuilding process. They would not have been able to rebuild their homes, the towns would not have been able to rebuild their facilities if you hadn't done an extraordinarily effective job -- not by May, but by today -- to get their job done. So that hiring not only went to the initial contractors, of the \$85-million-or-so you talked about in those first months, but in the same time since then people have been able to be put back to work rebuilding the infrastructure and the homes because of you and your subsidiaries' great success.

MR. PERKINS: You can't recover until you cleanup. Currently -- one quick fact -- is the towns of Toms River and Brick have over 1,000 demolitions that need to be done. All this work was done or was in the process of being done in New York City without any bids, without any recompetition process under the Corps of Engineers contract; and their company came all the way from California to do the work. There are 1,000-plus demos that are stuck in limbo because of the reporting by the *Star-Ledger* -- between all this back-and-forth about no-bid, and Connecticut contracts, and reasonable pricing, and this and that. So right now as we sit, there are 1,000 homes in these two towns that are at a standstill because they are afraid to make another decision, based on everything that's going on. So therefore, as we sit here today, there are houses coming down in New York under that contract at a much higher rate. And the work has come to a standstill. The little bit of work that's left to allow these communities to get to that next level to economically recover and get the tax dollars flowing again has been cut off at the knees because we can do it cheaper, we can do it better, and we can do it faster, but that just doesn't seem to be good enough.

SENATOR KEAN: Through the Chair, I may just-- It's a commonality issue. The district that Assemblyman Bramnick and I both represent was impacted to an extraordinary degree, primarily, through the Chair, because of wind damage. With the old-growth trees, we're between JCP&L and PSE&G coverage area. So this was not an outright water event as it was-- And the surge impacted the flow of electricity, certainly, throughout our common district; but it was primarily a wind, not a water, event. But what was a water event was last year when we had-- The storm

came through, and one of the towns in our district -- Cranford -- last year or the year before. But we can talk personally about what happens when there is not a cleanup done within the first two to three weeks or a month; where that damage and that-- Peoples' -- not only their possessions, but the health hazards, the ability to get in and out of these communities, when a lot of other towns arguably did it right; but this one town just couldn't function to get the right answer at that time. And you can see the health impact, but also the human impact as you were going along day after day, week after week. So the importance of, as you were saying, getting it out, getting it safe when that was a water event can't be underestimated. Because, well, we've seen it, in our instance, in towns with water damage. And they cleaned it, and in some instances in Cranford these businesses have gotten Small Business and FEMA awards because of the damage in the town. And how they come back and rebuild on some of those sites, because they were seen as preserving, because the damage was so significant. So the fact that you could clean us out, move in quickly, and not have that life standing still to peoples' detriment is extraordinarily important.

MR. PERKINS: I couldn't imagine what we would be talking about today if leadership wasn't shown. Decisive decisions, in hindsight as we're sitting here, tend to be a little bit of tough. But you elect people in this room, you elect local government, you elect State government, you elect governors, Republicans -- and I have a lot of democratic friends who are governors, too, let's just be clear on that -- because they have to make decisions. Could you imagine if we were sitting here today because debris was piled up, and the kids were trying to get to school, and it's piled up 12 feet high? And this happens. It's happened before in communities -- and

some child was run over or hit by a car because debris-laden streets -- you couldn't see, where accidents were happening, where stop signs couldn't be put back in place, or traffic lights couldn't go back up.

Listen, let's be clear. The right decision was made; it was reasonable, it was responsible, okay? And yes, I'm very bipartisan in the way I approach business.

SENATOR KEAN: Thank you, Mr. Chair, and Mr. Perkins.

SENATOR GORDON: We're going to hear final questioning from Senator Weinberg, and then we're really going to wrap this up.

Senator Weinberg.

SENATOR WEINBERG: I'm sorry that my esteemed colleague across the aisle thought that my slowing this down to -- process down to understand what the process was is Trenton gobbledygook.

ASSEMBLYMAN BRAMNICK: No, no, no. I didn't think you were slowing the process down. I said that if they had done that at the time of the decision, and made a decision based on slowing down a process with all Trenton gobbledygook, we'd be where Mr. Perkins said we'd be -- still picking up garbage. (laughter)

SENATOR WEINBERG: Thank you for clarifying that, Assemblyman. I wouldn't want to have to put that down in my book. (laughter)

If I may, Mr. Perkins, did your company or anybody that you -- any of your consultants -- approach the League of Municipalities in any way, shape, or form?

MR. PERKINS: The answer is yes.

SENATOR WEINBERG: And in what capacity did they do that?

MR. PERKINS: When we hire consultants, obviously, in these situations where it's chaotic, there's no power, there's no water, there's debris all over the place, the city facilities are shut down, elected officials, decision makers -- whether they're staff or at the elected level, you can't find them. So obviously, as we do all over the country, we hire consultants to help us locate and find the decision makers who need to make decisions about what they're going to do. And that's the role they provide.

SENATOR WEINBERG: So they approached the League of Municipalities to help you find the decision makers locally to whom you were going to market, prior to the State contract?

MR. PERKINS: Well, I mean, it shouldn't be any shock to the Committee that when you hire a consultant, they're not tracking down the librarian. What they're doing is they're trying to find the elected officials -- with all due respect to the question -- they're trying to find the city manager, the county manager, the town manager, somebody on the -- one of the freeholders, those types of things, so we can get an audience to get in front of them to sell our services.

SENATOR WEINBERG: Okay. And I know you brought up about Governor Barbour's role in this, and obviously when he was governor he certainly had some firsthand experience and could pass that on to our Governor. But when he passed on the answer to that, did he have a professional relationship with your company? Because he was no longer governor.

MR. PERKINS: Yes, he did. My relationship with BGR, which is the firm, dates back 10 or 12 years -- prior to him being the governor of Mississippi, also.

SENATOR WEINBERG: So when he called our Governor, or when our Governor called him -- whichever way it happened -- he had some kind of fiduciary link with your company. Is that correct?

MR. PERKINS: We were-- BGR, at the time -- that is correct, yes.

SENATOR WEINBERG: Okay. All right, again I appreciate your patience and willingness to be here. And I look forward to finding out whether these local municipalities can piggyback. And I think-- And I'm going to end with what I started. I'm just trying to find out did the residents of New Jersey get the best possible deal, and get the work done and protect taxpayers' money as best we can. And I think that's one of the main functions of this Committee.

And while Senator Buono doesn't need any defense from me, you did say something that I'd like to point out -- that our Governor, Governor Christie, is also a candidate for Governor in the coming election.

Thank you.

SENATOR GORDON: Well, thank you all. It's been a long day. I appreciate your patience. I certainly want to extend our thanks, as a Committee, to our witnesses. This has been a very productive exercise for us. We are trying to prepare for the next major event, whether it's in terms of having contracts in place, emergency plans, better training and better drills. There is certainly a lot we can do to prepare for our new climate. And we are most grateful for your participating in this.

And now I would encourage you to get back to Florida.

MR. PERKINS: Let me thank you for the opportunity to be here today.

And I want to personally apologize to the Senator for the comment that I made about her running for Governor. I apologize; it was uncalled for, and I'd like to retract that.

SENATOR BUONO: Thank you.

SENATOR GORDON: Thank you, all.

(MEETING CONCLUDED)