

Committee Meeting

of

JOINT COMMITTEE ON THE PUBLIC SCHOOLS

"Testimony from Marc Larkins, CEO of the Schools Development Authority"

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

DATE: March 1, 2011
1:00 p.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Ronald L. Rice, Co-Chair
Assemblywoman Joan M. Voss, Co-Chair
Senator Donald Norcross
Senator Diane B. Allen
Assemblyman Ralph R. Caputo
Assemblywoman Mila M. Jasey
Assemblywoman Nellie Pou
Assemblyman David W. Wolfe



ALSO PRESENT:

Melanie M. Schulz
Executive Director

Sharon M. Benesta
Chief of Staff

Meeting Recorded and Transcribed by
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SENATOR RONALD L. RICE (Co-Chair): We're going to get started. Other members may be traveling, but we don't want to hold anybody up. I know that it's afternoon time.

Melanie, would you do a roll call, please?

MS. SCHULZ (Executive Director): I will.

Senator Rice.

SENATOR RICE: Here.

MS. SCHULZ: Assemblywoman Voss.

ASSEMBLYWOMAN JOAN M. VOSS (Co-Chair): Here.

MS. SCHULZ: Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: Here.

MS. SCHULZ: Senator Norcross.

SENATOR NORCROSS: Here.

MS. SCHULZ: Assemblywoman Jasey is here.

And Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Here.

MS. SCHULZ: And Christian Martin is here for Senator Cunningham.

SENATOR RICE: Okay. Thank you very much.

This meeting is called to address the issues and concerns that the Committee members have, and to get an update regarding school construction.

Recognizing that we also invited the Acting Commissioner of Education, who has some role in the SDA construction and also issues that we wanted to discuss -- have the members have an opportunity to discuss -- relating to all of the things that this Committee is charged, under statute, to

oversee -- school choice, parity, school construction, and others. But we won't have that meeting today. I would suspect that at some point in time, for the members and for those who are here, the Acting Commissioner will come before this Committee. But we can't wait on that day. We have to deal with the issues at hand that we can deal with.

And so I'm going to ask the President (*sic*) or CEO -- I always forget the titles -- of SDA to come forward and seat yourself. And I'm going to ask the members to make any statements or comments they want prior to getting into the hearing.

We'll start with my Co-Chair, Assemblywoman Joan Voss.

ASSEMBLYWOMAN VOSS: Thank you.

Thank you, Mr. Larkins, for coming today. I know we're very, very eager to hear what you have to say.

I want to just echo what my Co-Chair, Senator Rice, said. I'm very, very disappointed that Acting Commissioner Cerf is not going to be present today, because I spent a lot of time writing out all kinds of questions that I wanted to ask him. And so I hope that in the foreseeable future we'll have an opportunity to speak with him.

But, again, thank you, Mr. Larkins, for coming today.

SENATOR RICE: Let me say, before I go on to the next members, in good faith I've had conversations with the Acting Commissioner, I've interviewed him, because he is from my district. And I have courtesy over that. But there was all indication from speaking with him personally that he wanted to come before the Committee. And so I don't believe his presence -- is because of his lack of willingness. I believe his presence -- because of the concerns of others, not in the Administration

necessarily, probably more so over here in the Legislature. That's the rumor I've been hearing. But I'm not going to follow rumors. I do know, for the record, I'm a State Senator, and I'm not subordinate to anyone in my House or the other House, under the Constitution. And so I respect the will of my colleagues. I don't try to control their direction, but they won't control mine either. So I needed to say that for the record. I've said it many, many times over the years since I've been here. Some people understand it and some don't.

With that, let me move to my left to the -- because this is SDA -- to the Chair of the Subcommittee on School Construction for brief comments before we get into it. And then we will go to his left, and then we'll come back and we'll take right.

SENATOR NORCROSS: Thank you. I appreciate the opportunity to come before us today.

We're certainly at a crossroads. New Jersey and our districts that need the help the most have been at a standstill for going on 15 months. And most recently were told of a list of schools that were selected, and we're going to find out how we got there today.

Marc, we're certainly glad you could make it, and look forward to hearing how this list was created and those priorities. As Chairman of the School Construction, certainly it has been a slow year. And after your remarks, we'll have a few moments to delve into some of the issues.

Thank you.

SENATOR RICE: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Thank you, Chairman.

Mr. Larkins, thank you for being here. I just want to say I'm very supportive of your program. I think -- it's 2011, and we have to get beyond the problems of the past.

I was one of the sponsors of the original legislation that provided for the school construction facilities. I was very disappointed over past performance problems of nepotism and the fact that nobody has gone to jail. But other than that, you're there, you're the leader, and I know you've taken some really dramatic steps to make it a more business-like process and procedure. And hopefully, after today, we can understand a little bit more about really where we're going to be going in the future. So I congratulate you and applaud your staff.

Thank you.

SENATOR RICE: Senator Allen.

SENATOR ALLEN: Let me second those comments and say, as well, that it's my hope and belief that today we will be able to have a good discussion and hopefully keep politics out of it, and really get to the meat of the issue.

Thank you.

SENATOR RICE: Assemblywoman Pou.

ASSEMBLYWOMAN POU: Thank you, Mr. Chairman.

First of all, let me just say welcome along with all my other colleagues that have indicated and greeted you that way.

Mr. Larkins, I know that Paterson has two of those schools that have been included in part -- in what Senator Norcross was talking about with the recent release of those 10 programs -- or 10 schools or so.

I look forward to hearing more about that. I have a list of questions, Senator, that I'd like to hopefully, if time permits for me, to be able to direct that to you. I'm hoping that perhaps, through your testimony, you might be able to provide us some specific details with regard to those particular schools and, equally as important, what's the future and status of those other schools and those other pending projects that have long been on the waiting list.

So we really are happy to have you here. There is so much that needs to be learned and asked, and we're hoping that we can get that much further along.

Thank you, and welcome.

SENATOR RICE: Assemblywoman Jasey.

ASSEMBLYWOMAN JASEY: Thank you, Senator.

And not to prolong the introductions, but thank you for coming. And of course, as you know, I have a deep interest in what happened to Cleveland Street School, which is in my district, which has been on the list for a very, very long time. So in order for me to be able to answer my constituents, I need to know what the priorities are and how they led to Cleveland Street being removed from the list. So I look forward to your testimony also.

Thank you.

ASSEMBLYMAN CAPUTO: Thank you, Mr. Chairman.

It's obviously -- and I'm sure you feel the same way -- very disappointing that we can't have a full blown effort based upon the funding. But in part of describing why schools fail, buildings and facilities are part of that failure. If you look at any school system where they are failing -- and

there are a number of schools that have been documented -- that there are 200 in the state that have failed -- we have to look at the total picture. And the facility is also an integral part of why students don't feel that they're important, why the community doesn't feel they're important.

And now it's even worse -- no fault of your own at this point. It's that the expectation was so high in terms of getting these facilities put there. So I'm looking at the list, and I'm looking at what's actually going to be done and also what was promised, as some of the other members said. And we'd like to hear what your problems are regarding implementing the full blown promise to the people and the children of the State of New Jersey.

So when we talk about failing schools, we have to talk about this part of it, which is a puzzle. There are other parts. And we should be able to discover and determine why schools fail, not just that they are failing. And I think that you have to be brought into that process. When someone says X school is not making it, it may be because it's an unsafe, unhealthy environment for those kids. And to pick certain schools out where other schools are left out -- there has to be a good reason, and well-documented, why we're moving in that direction instead of another direction.

Thank you.

SENATOR RICE: I thank all the members.

Marc, before you speak, let me say this. First of all, let me thank you for always responding to this Committee upon our requests. And I know sometimes decisions that are made are out of your hands. I've been here long enough to know that. We all work for someone. You do the best

you can with what you have. You've always been pretty much up front with what you can say and what you can't. But I need to be on the record to indicate that this Committee is a very interesting Committee, not only because of the way we're set up statutorily, but this is a working Committee. Members of this Committee travel up and down this state -- and that's in-session and out-of-session -- visiting schools, because we have a responsibility to determine where we are going and how well we are doing.

The last visit we had on the schools construction was in Gloucester County. And it pained those of us who were there to see a building that's housing our student population down there has so many needs. When you have to close off a section of a building where floors are actually collapsing -- I'm not even sure if the beams are holding it together -- that disturbs us very much. And I'm sure that Senator Norcross is going to talk more about that. So it's not a beat-up session, it's a session to figure out how we get from point A to point B.

And I recognize that you have a level of responsibility, and everything must be approved by the Governor, and the Committee, and the Board. But why don't you tell us, now, for the record, where we are and where you expect us to be in a reasonable period of time? And then we'll have questions from the members to you that you could respond to more directly.

And make sure you speak into the mike and identify yourself, in case someone else speaks. We need to know, in the transcripts, who is saying what.

Thank you.

M A R C D. L A R K I N S: Good afternoon, Mr. Chairman, Madam Chairwoman, all the other members of the Committee.

Thank you for having me down this afternoon. It certainly has been an interesting couple of weeks in terms of us gearing up for the announcement that I think has been referenced in most of the remarks today. And it really is an exciting time for us at the Schools Development Authority.

I, obviously, am Marc Larkins, CEO/Executive Director of the Schools Development Authority. This afternoon I have appearing with me my Chief of Staff, Jason Ballard, and also our Director of Communications, Kristen Maclean.

You know, Senator Norcross mentioned that it has been a little bit slow over the past 15 months, and I certainly understand that perception from the outside. What I can say is, certainly, on the inside, and truly on the outside, if you look at some of the smaller work-- I know most people focus on our capital program, which represents the bulk of our activity. But if you look at some of our other activity during our past year at the Authority, it certainly has been a busy time. But I think we have really reached a bit of a stage where we're really ready to really push forward in addressing some of the need across the state.

Normally, when I come before this Committee and others, I have prepared remarks because I like to speak of the accomplishments and the work that we're doing. I know now -- and it's pretty obvious -- that the most important thing right now is the announcement; and I'm happy that that's an important thing, because what that means for us is that we have

some support, as expressed by the Governor and the Administration, for moving forward with our program.

I understand that there were questions about that not more than a year ago, but today I think it's obvious that Governor Christie and his Administration recognize the importance of the work that we're charged with doing and is truly supportive of that work. What he has asked and charged us to do is, essentially, the same thing that I think all the members of this Committee and the general public expect us to do, which is to move forward in a deliberate -- at a deliberate pace, but also in a methodical way, respecting the idea and understanding the idea that we truly are responsible to the taxpayers in terms of how we advance our work. And I think from some of the comments that I've heard from the members of this Committee and other members of the Legislature during my time here in Trenton, I think it's readily apparent that that wasn't always the case.

In terms of our work going forward-- Tomorrow is going to be a big day for us at the SDA, because we're going to be presenting the plan that the Governor announced to our Board -- tomorrow morning at 9:00. That is essentially the next to last step, the penultimate step, to really having our capital plan or program approved. The process is that we have to run the program through the Committee, which we did. We did that last week. And the next step in that process is to go before our Board, and then obviously there is a veto period within which the Governor has the opportunity to consider what action the Board takes and veto it or allow that action to stand. We're certainly hopeful that our Board will hear, consider, and approve the plan supported by this Administration and that, obviously, the Governor will not take any negative action toward that plan.

And then after that veto period expires, we'll be able to really start to advance work as we proposed and as the Administration has supported.

But, Senator Rice, Mr. Chairman, to your point, I certainly, obviously have people I report to as well. And not only does that group include the Governor, but it also includes our Board. And as it stands today, our Board has not heard, has not considered, has not taken any action on the plan that the Governor announced. And in making arrangements to come here this afternoon, one thing I wanted to make clear was that because I answer to our Board, I certainly hesitate to get in front of our Board in terms of discussing the specifics of the plan. And I know that many members of this Committee want to talk more about the details of the plan, but right now those details aren't public. And, quite frankly, I think it would be a bit premature for me to discuss the details before our Board has the opportunity to consider it and take action. It may be that we end up discussing something that doesn't come to fruition.

But I'm certainly prepared and ready to discuss the high-level content of the plan, the things that the Governor discussed at the press conference. But this afternoon -- again, because I have to answer to the Board -- it would be premature for me to go into much detail.

Having said those things, I'm certainly prepared to try to answer any questions that the members have as best I can, as I sit here this afternoon. I certainly stand ready and prepared to answer any questions after tomorrow, once we release all of the information, so we can have a complete and thorough discussion about what action the Board does take, what plan or program actually does end up being approved.

But I thank you again for having me this afternoon. And I certainly turn it back over to the Committee for questions.

SENATOR RICE: Thank you, Director.

When you go before the Board with your agenda, do they entertain issues or concerns that are raised by the Legislature during those discussions? In other words, my members are going to raise some issues and questions that you may not be able to answer today. You may have the answers for them, but not -- it may be premature to respond, given what you are saying, for the record. Can those things be brought to the Board's attention tomorrow? Would they accept issues? I mean, when you deliberate, could you say, "Look, we need this done and we need this done, but I was asked to bring before the Board, from the Committee, these issues. And we need to respond to that." Is that something that can be done tomorrow?

MR. LARKINS: Mr. Chairman, absolutely. As I think most people know, our Board meetings are open to the public. So certainly anyone is free to attend, and we have a public comment period during which any member of the public can speak to anything, whether it relates to this program--

SENATOR RICE: I don't mean to cut you off. I'm not talking about the public. I'm talking about you being a harbinger of this Committee's concerns today to the Board as you present your program to them that the Governor has -- the Committee has already looked at. That's what I'm asking.

MR. LARKINS: Certainly, Senator. I'm sorry, I was taking a round-about way to get to the answer -- to answer your question.

Absolutely. If there are concerns that the members of this Committee have, I will certainly raise them to the Board. That's not a question -- I mean, that's not an issue. And we can deal with them tomorrow.

The reason why I indicated the issues or the open access to the meeting, really as a starting point, was just to make it clear for the record that, at any point, if there are any issues, any questions, any concerns -- whether they're expressed to me or to others -- they can certainly be discussed and presented. But what I will do is, absolutely, to the extent that there are concerns raised by members of this Committee, I will bring them to the Board tomorrow.

SENATOR RICE: We appreciate that. Just make sure your Chief of Staff takes good notes and where the questions are coming from.
(laughter)

And when a member speaks, just state your name for the record -- that there is the issue that you're concerned about, you raised, so that we can have a full recording of what we're asking to be presented if we don't get answers today.

With that, why don't we move, first of all, to the Chair of the Subcommittee on School Construction, Senator Norcross? And then what I'll do, if the members don't mind, we'll go like this (indicating), we'll bounce back and forth. Okay?

Senator.

SENATOR NORCROSS: Thank you, Mr. Chairman. I appreciate it.

Mr. Larkins, good afternoon. Again, it's good to see you here.

I guess I'm surprised, first of all, to say that you're coming before us -- that you can't talk to us, because you have to go be -- ahead of your Board, which will vote on it tomorrow, which means any input is going to be too late. And for all those districts who were hoping to have their school built, to have their children go to a school that you and I would like our kids to go to, will have no input that will make any difference. So I say that to be quite frank with you.

You and I have had discussions. I came up to you last week, and before you showed up here today, to have you talk about the priorities. First of all, I think it's an absolutely fantastic idea that priorities were set. My question to you is: What are those priorities? What are those priorities? How did you create this priority list? Why don't you give-- Not revealing what schools, tell me, who put together the list? How was it arrived at? Who decided that those were the best priorities and the highest priorities?

MR. LARKINS: Certainly, Senator. As a starting point, we went to the statute, because my firm belief is that what we should do is exactly what this Legislature charged us to do. So we looked at what the statute required. What the statute required, essentially, was an educational priority ranking; development of criteria through the Department of Education, and then the development of certain criteria; and a drafting of a statewide strategic plan by the Schools Development Authority. The statute also speaks to the idea of sequencing of projects. So that was a starting point for us.

What we also considered was the audit findings, the audit report from the State Auditor, which was issued last summer. And the two

general criticisms, findings that were contained in that report were: One, that the SDA, in developing a 2008 capital plan, never thoroughly vetted or evaluated 27 -- what they called -- *deferred projects*. So of the 52, the State Auditor said 27 had never even been evaluated. The second finding that was contained in that report was that there was an erroneous policy decision made that every district had to receive a project, irrespective of need. So those were our starting points.

Once we developed the criteria working with DOE-- And the way we did that is we put together a working group. It included staff from DOE, staff from the SDA. And they started with the criteria that was developed to evaluate the projects in 2008. What was pulled out of that criteria was the criteria that was determined by the State Auditor to be problematic; certain other decisions were made, in terms of developing that criteria; and each of the projects were ranked. And the SDA developed criteria, in accordance with the statute, and applied that criteria to each of the projects as well.

From there, what we also looked at, in terms of developing a statewide strategic plan and sequencing, were some of the things that the members of this Committee and the general public have talked about, issues of the Taj Mahal versus a functional school, issues like standardization. Why don't we have standards? And how do we get there? So in terms of the factors we considered, we looked to a number of different areas. But at the end of the day, what we attempted to do was, essentially, what we believed the statute called for, what the statute charged us to do.

I think what people will find -- and this is a point that I want to make right now, and this isn't a project-by-project discussion, this is in the

details of the plan. I don't think this is getting out in front of the Board or anyone else. This list of 10 projects -- and the Governor said as much -- is, from our position, a starting point. And I want to say that, because I want to harbor (*sic*) back to -- or go back to the 2008 capital plan.

In 2008, there was a plan announced of 52 projects, obviously. But I think what people forget or may not really have focused on at the time is that those projects were sequenced as well. When announced in 2008, that list of 52 each had an earliest notice to proceed date, which were all sequenced. And those 52, if it had worked right, would have played out over the course of a number of years. So one obvious difference or distinction, potentially, between 2008 and now is that we're still sequencing, and doing a review of projects, and hoping to advance work in phases. What we aren't doing now is overpromising and under-delivering.

And why do I say that? The reason why I say that is because when I take a look at the 2008 capital plan, and those projects, and how they were supposed to be phased in, 25 of those projects were supposed to have an earliest notice to proceed date of September 2009, before the election. So 18 months from the summer of '08, when that plan was announced, 25 projects should have been in construction. That didn't happen. Three projects went into construction, one of which we had to stop when I joined the Authority because of problems, environmental issues that weren't resolved prior to advancing. So what we did in 2008 was announce a list but never deliver on them.

I say all that to say: This group of 10 is not the end; this group of 10 is not the list; this group of 10 was an effort to announce, as the

Governor said, those projects that we thought were right and appropriate to announce for advancement.

SENATOR NORCROSS: Okay. That's a good point, Marc. And I appreciate the context you're putting -- and I'm certain that the folks up here are also.

The prioritization: What is it? What's the number one priority? Did you come up with a score sheet? How did you arrive at this? What's the number one priority? How did you create that?

MR. LARKINS: Well, the details -- what you'll see, hopefully tomorrow if the Board approves the plan -- the details set out waiting for the various criteria. Is there a--

SENATOR NORCROSS: Can you share that? Why can't you share that with us today?

MR. LARKINS: Again, I hesitate to get in front of the Board, Senator. I apologize, but I have to answer to my Board as well.

SENATOR NORCROSS: No, I'm not asking you to deliver any inside information. For an Administration that has prided itself on transparency, I don't think we've had any here. We are no better today than we were almost 15 months ago in finding out what the prioritization is. Again, you said it was you and DOE. Have you shared with your Board members any of the priorities or how you arrived at it?

MR. LARKINS: We have shared it with the Committee -- the School Review Committee we have shared it with.

SENATOR NORCROSS: And when did you share that with them?

MR. LARKINS: Last Tuesday.

SENATOR NORCROSS: So it's been going on for 14 months, and last Tuesday is the first time they saw it.

MR. LARKINS: Yes, that's the first time that we presented the formal proposal to them.

SENATOR NORCROSS: So prior to that, they did not see or weren't part of any arrival at this -- how you created this.

MR. LARKINS: The Board members?

SENATOR NORCROSS: Sure.

MR. LARKINS: They were not.

And just to correct the record, it wasn't 14 months. We started this in earnest last summer.

But to your point, the first time they saw it was last Tuesday, correct.

SENATOR NORCROSS: Okay. But the new Administration came in -- and I applaud the efforts to do it right. There is nothing that taxpayers -- turns their stomach -- is to see money being wasted. But they also want to find out that-- pain shared equally is important. And that's why we -- just to have some idea. Because I open up my local newspaper -- and this could be anybody -- "The Field of Broken Dreams."

Unfortunately, you had to make some decisions. And they might be the right decisions, but we have no idea. We're sitting up here -- the School Construction Subcommittee -- and have no idea. And you're telling me tomorrow we'll be able to find out. Well, tomorrow is too late.

So what I ask you, without revealing any inside information -- which I'm still trying to figure out why it's inside information -- why can't you share with us how you created this list and what are those priorities?

Because when I look down the list, I see 90 percent of the problems must be in the northern part of the state, because 90 percent of the list is from there. And there is only one project in the southern part. So that must mean there is a problem up north that we don't have down in the south. And I'm just asking you to comment on that.

MR. LARKINS: Sure. My initial reaction to that is that while it may be a perception from looking at the list, it certainly wasn't something that we factored in. Part of what we got criticized for by the State Auditor was the idea that every district had to have a project. The idea that we now will consider geographic location, or politics, or anything else in this process would have run us afoul of the law, which is--

SENATOR NORCROSS: We agree with that.

MR. LARKINS: So as a starting point -- when you talk about need -- I'm not going to sit here and certainly suggest that one district is more needier than another district.

SENATOR NORCROSS: Well, you do when you create a priority list.

MR. LARKINS: But what I will do is suggest to you that the factors themselves will lend themselves to the idea that there would be a greater need in the North than there would be in the South. First of all, of the 31 SDA districts, 26 of them, I believe -- no, I'm sorry, 24 of them are Trenton or north. So of that, that leaves 7 in the South.

SENATOR NORCROSS: We're dealing with 52 projects, so roughly, in the beginning, 37 percent. And, again, we're speculating. Do you know why? Because we don't have any of the information. And in less than 24 hours from now, you're going to your Board to approve a list that

they're only finding out-- When? When did the Board that's going to approve it tomorrow -- when are they given the list on how the priorities work? Have they seen it yet?

MR. LARKINS: They do have the package, yes.

SENATOR NORCROSS: When did they get that?

MR. LARKINS: Monday.

SENATOR NORCROSS: So it's been going on for six months, and they found out Monday. What do you use the Board for, rubber stamp whatever comes along?

MR. LARKINS: We use the Board as required by our laws and our regulations. So we ask them to consider action before we take it.

SENATOR NORCROSS: And finding out 48 hours after a six-month project is appropriate? If you sat on a board, and somebody came to you after a six-month study and said, "Here, approve these," what would you do? As a U.S. Attorney, you've been through this. Do you think the Board was engaged?

MR. LARKINS: The Board was not engaged in the arrival of the program because I don't think they are charged with being involved in the day-to-day management and work of the organization. They're the Board. So if I were a board member, and I was presented with a program or plan, and I was uncomfortable with it, then I either would abstain, I would not vote, or I would ask that it be delayed for additional time to review. And all of the Board members have the opportunity to take whatever action they deem appropriate tomorrow. But it certainly-- I don't think the expectation is that we would have our public, unpaid Board members involved in our process. I don't think we have them--

SENATOR NORCROSS: Nobody is suggesting they should be in your day-to-day process. I'm just saying less than 24 hours from here we are no further down the road in getting the information of priorities from SDA than we were 14 months ago, and I think that's inappropriate and it's not fair to all the districts.

I'll reserve further comments.

SENATOR RICE: Thank you, Senator.

Assemblywoman Voss, Co-Chair.

ASSEMBLYWOMAN VOSS: I've been on this Committee for many years, and I'm very, kind of, concerned about the fact that when the Schools Construction Corporation was dissolved, people were promised 52 projects. That was kind of written in stone, I thought. And I don't know how one dissolves that and then goes down to a list of 10. But the thing I'm most concerned with is, all of us have traveled all over the state visiting schools, and particularly schools in Newark, Jersey City, Paterson, and down into Gloucester County. And we've seen the problems. I think that-- I mean, having been an educator all my life, having seen schools being constructed, we need to know: Are the priorities the fact that the schools are old, are they dilapidated, are they overcrowded? I mean, we've been in some schools that are over 100 years old.

I don't know the 10 schools that are on the list. I do know the areas where the 52 were. And I think that we're trying to be -- and I understand your situation that tomorrow you're going to meet with your Board and everything. But I think all we want to know is: What was the number one priority? Was it that the school, as Senator Rice said -- you know, the floors were falling through? Is it the fact that schools were 120

years old? What is-- Just give us a little bit of a concept of how you chose the 10 that were chosen. And I understand and hope that what you said will come to fruition -- that these are just the first 10, and that there will be many more that will follow. But please give us just a little kind of idea about where you're coming from with the priorities.

MR. LARKINS: Sure, Assemblywoman, as best I can. I mean, many of the factors that you just talked about were factors that we consider. And the factors were weighted differently.

But what I want to also make clear is that I think what people are anticipating is that they're going to see some scoring sheet and that the SDA is working its way down the scoring sheet in numerical order. The fact of the matter is that's not what people are going to see. We can't rewrite history in terms of where each of these projects stand on their own. So there were many other factors that were considered in the process. And, again, I apologize that I can't answer these questions, and it's part of why I wanted to make it clear before I came down this afternoon that the meeting was going to be tomorrow morning.

But in terms of the factors that were considered, it was educational prioritization. It included many of the things that you just spoke to, Assemblywoman. And the SDA also developed a set of factors as directed by the statute. So we tried to focus on the statute and tried to, as best we could, develop some ranking system as a starting point. Because, again, those factors as a starting point don't include some of the things that the members of this Committee and others have talked about. So how do you develop a factor that evaluates whether or not a project is a "Taj Mahal?" That doesn't lend itself to some objective scoring criteria. How

do you evaluate necessarily whether or not a particular project is one that is immediately appropriate or recognizable as lending itself to standardization? That's not something that you could come up with a scoring system for. How do you decide which projects have advanced to a point where they're ready to go or which projects haven't really advanced that far either because you don't have the property, you don't have the land? But it might be a higher or a highly recognized need.

ASSEMBLYWOMAN VOSS: I don't mean to interrupt you, but in every single situation I've been involved in, we have a score sheet. I mean, there is a list of priorities and a certain point value allocated to it. And I don't know how you can assess a project without having a score sheet and having a list of priorities and saying, "These are my number one priorities," and so on, and so forth. And you're telling me that this doesn't exist. And I can't fathom that, because every single thing I've ever done in education, whether it's evaluating a teacher, evaluating a student, evaluating a project has always had a list that I had to assign certain point value to -- certain criteria. And so that's what I think we all want to know. I mean, we want to know what those criteria -- and how did one assess whether one was more valuable than another?

MR. LARKINS: And tomorrow there will be a score sheet, and there will be criteria.

ASSEMBLYWOMAN VOSS: I want it now. (laughter)

SENATOR RICE: I'm going to ask the members to write down your questions. I'm trying to keep an order here out of fairness to all the members. So I would ask your forgiveness, but I don't think I have to. I just ask us to be fair.

No questions, Assemblywoman Voss? Are you finished?

ASSEMBLYWOMAN VOSS: No, I'm good.

SENATOR RICE: Okay. I'm going to go to Assemblyman Wolfe now.

ASSEMBLYMAN WOLFE: I didn't write any down for you, Chairman. (laughter) I'm sorry.

Well, it's obvious I was not aware there was going to be a meeting tomorrow, and I don't think the Committee members were. So, obviously, we're kind of in a quandary where some of us need some specific answers, and you're telling us you really can't do that out of, maybe, courtesy or concern about your Board. And I kind of share Senator Norcross' concern also.

But he's also very concerned that his part of the state kind of gets left out. I get next left out: the shore. Look at this. We have--

You're low, and I'm next to low. How about that? (laughter)

I mean, no, really. I represent Ocean and a portion of Monmouth County. I just have one question about this final list. Maybe you could answer me about a town I don't represent, but it's in Monmouth County -- Long Branch.

I noticed, in fact, not just that one but of all the 10 districts that are listed here, there are millions -- \$10 million, maybe \$50 million, \$60 million, \$70 million, almost \$80 million -- one of the schools, \$99 million, and one of the schools-- But there seems to be about 5 percent of the money that's been allocated actually spent or allocated. Now, was that for fees? What does that indicate? What can you tell us about the money

that's been expended? Can you tell us what -- the money that's been expended? What kinds of things?

MR. LARKINS: You mean in terms of sum costs on those 10 projects or on other projects? I'm sorry, Assemblyman.

ASSEMBLYMAN WOLFE: I mean, is there like a lump -- four or five things you could tell us that accounts for money being expended for this project? I mean, I just looking at Bridgeton -- which is in your district, right?

SENATOR NORCROSS: No.

ASSEMBLYMAN WOLFE: I'm sorry.

SENATOR NORCROSS: I have zero. (laughter)

ASSEMBLYMAN WOLFE: Okay. So it's \$40 million, and they spent \$230,000. What would that have been spent for?

MR. LARKINS: I apologize, Assemblyman. I'm not quite sure what list you're looking at.

ASSEMBLYMAN WOLFE: Recommendations for new capital programs -- SDA. It's the list -- the 10 projects.

K R I S T E N M A C L E A N: Can we have a copy?

ASSEMBLYMAN WOLFE: No. (laughter)

SENATOR NORCROSS: We'll trade you. You give us the priorities, I'll give you the list. (laughter)

MS. MACLEAN: I have no idea what you're talking about.

ASSEMBLYMAN WOLFE: So is this not the new list? This is a bad list? So are these the 10 that we're talking about -- you're going to talk about tomorrow?

MR. LARKINS: Yes, sir. I apologize. The list that you were looking at is not our document, but it represents -- it appears to represent the sum cost to date on the 10 projects and the budgeted cost at the time in 2008.

ASSEMBLYMAN WOLFE: So how do we get these figures? I mean, how did you get those?

MS. SCHULZ: From their list.

ASSEMBLYMAN WOLFE: From their list. Okay. Well, (indiscernible), now we have the list. As a layman, how would I explain to somebody -- of a \$39 million project -- \$230,000 has been spent? What kinds of things would that \$230,000 be spent on? Here, the Long Branch project is almost \$47 million, and you spent \$3.2 million. What kinds of things would have eaten up that \$3.2 million, and why is it stalled? What's going on?

MR. LARKINS: Sure, Assemblyman. It all depends. Generally speaking, on each of these projects, since they have not entered into the construction phase -- although Marshall-Hazel started and then stopped -- generally the amount of expended dollars would represent predevelopment activity. So it could range from any number--

ASSEMBLYMAN WOLFE: I'm not a developer, I'm not an attorney. What does that mean in layman's terms?

MR. LARKINS: That's where I was headed. It could represent any number of different things. It could represent land acquisition, it could represent payments to consultants to scope a project, it could represent payment for design fees, it could represent environmental remediation, it

could represent any number of what might be considered predevelopment activities.

ASSEMBLYMAN WOLFE: Okay.

Chairman, that's my questions. Thank you.

SENATOR RICE: Okay.

Assemblywoman Pou.

ASSEMBLYWOMAN POU: Thank you, Mr. Chairman.

Once again, welcome, Mr. Larkins.

Let me just say that while we really appreciate the inclusion of the two Paterson schools in the group of the 10 facilities that you've made reference to, I'd like to -- and I understand what you've just said with regard to the Board and the meeting tomorrow.

But let's go on the assumption, if we will -- just play it out with me for just a moment. Let's assume that those two projects that are on the list are, in fact, approved. Once that approval process has been obtained by the Board -- your Board -- what is the expectation thereafter? When can we actually expect that construction will indeed begin? Because as you pointed out, Hazel Street was ready in the middle -- had some activity. It actually had stopped. I know for a fact that there was a needs assessment conducted by both your entity, under your new policy and regulations -- the SDA -- as well as the DOE. And they have come back and indicated that Paterson has one of the largest, greatest needs, just based on a number of different facilities, not only with the overcrowding but also because of the aged life of many of the school districts.

But let me go specifically to the Hazel Street and School 16. You now go before your Board tomorrow, it gets approved, when does construction begin?

MR. LARKINS: That's a great question, Assemblywoman, and it's somewhat complicated. And the reason why I say that is because, unfortunately -- because we don't have standards -- and really it's not so much that it's unfortunate, it's just--

ASSEMBLYWOMAN POU: What do you mean you don't have standards? What does that mean?

MR. LARKINS: I'm sorry, standardization, standard design, standard plans. So that factor, along with individual issues related to each particular project, impact when a project might make its way into construction.

So, for instance, to speak directly to Paterson, Marshall and Hazel -- or Marshall Street, as we call it -- and PS 16 -- they would have different schedules dependent on those projects. For instance, Marshall Street had problems with the original design and with the remediation efforts at the site. So what we would have to do is, one: make sure that the site is clean -- make sure it's a clean site that we could construct on. Two, we have to figure to what to do with the design. Because part of the issue was a design problem. It related to design issues.

ASSEMBLYWOMAN POU: It was a very minor issue that could have been resolved. But that's okay. I'm not going to dispute that. Go ahead, I'm listening.

MR. LARKINS: And I don't want to interrupt, but it depends on who you talk to. Because some people will say it's minor. When it cost taxpayer dollars, from our perspective, it's not minor.

But having said that, part of the effort here is to factor in this idea about reaching some level of standardization. So what we really have to do is vet these projects to figure out what they're actually going to look like. So I can't tell you concretely when Marshall and PS 16 would make their way into construction. What I can tell you is that they're inclusion in this group means that what we would be looking to do is advance some work to push them toward construction. We doubt -- I doubt that at this point either one of those two projects would be into construction in 2011. My suspect is that at the earliest, those two will be into construction in the next year. But, again, because each project has its own lifecycle, I hesitate, at this point, to offer an opinion on when it will make its way into construction, because that's all we've done historically -- is to come and make promises and then not deliver on them.

ASSEMBLYWOMAN POU: No, and I certainly appreciate you responding. I absolutely do not want you to make any promises that you cannot deliver. So let's just talk about what you can deliver, Marc.

This particular site, these particular schools that have been identified on this project have been in the making and in the discussion as early back -- long before you arrived, Marc -- I want to say, I don't know, seven years perhaps. So if you do the math -- and I know this is not your doing, Marc -- but if you do the--

May I call you that?

MR. LARKINS: Sure.

ASSEMBLYWOMAN POU: If you do the math and you look in terms of the number of years that have gone by -- and now we're looking at another possible year, although no assurance. So let's assume that we are able to start construction in 2012 at this point -- is what you're saying. Because in 2011, just based on what you've just said -- may not happen. I'm not sure what would prevent that from happening, but I will just go on what you've just said.

Are we looking at January of 2012 -- and let me explain why I say that. It's very important when in 2012 construction is started because that will make the difference between one full scholastic year, or two, or possibly three. So now, if it takes three years in the total construction phase, we're now looking at 2015 before we can even have one of the schools that we've been talking about that's been on the list for the last seven years.

Needless to say, I'm sounding a little passionate only because this has been something that we've been talking about for quite some time. The number of student overcrowding in Paterson-- You've been there. I ask you to please, please come back; finish the tour that I know you were able to do the first time -- finish that with the rest so that you can have a better, clear view of what's really happening.

It is unbelievable. I've gone through every single one of our schools. It is unbelievable the number of students that are in classrooms, in hallways, in auditoriums, in cafeterias, in areas that are -- whatever space they're able to find, simply because our educational institution has the responsibility, our district has the responsibility of providing an education. We want it to be the best education. Our students, our kids are entitled to

that. Our job, your job, Marc, is to make sure that they have the facility that allows that to happen.

I'm now concerned that what you've just said here will not get me a school built until anywhere from -- at the very best, two years, if not three years from the day that we're now speaking. Would you disagree with my scenario or my statement right now?

MR. LARKINS: I absolutely would not disagree with your statement or your scenario. I think that what I inherited, what we inherited, is an organization that has been rightly criticized for a long time. We don't only have problems with projects that never got underway for seven years, we have problems with projects that, in theory, are completed that we have to go back and remedy and fix things. And the reason that we have those problems is because it wasn't done right the first time.

And I understand the frustration, which is why I don't take it personally. I know what the need is like. As you said, Assemblywoman, I've visited some of these schools in many of these districts, and I live in one. So I definitely understand. I grew up in one. So I understand it. But what I also know is that I've been charged to be a steward of the taxpayer. And it's not only the taxpayer money, but also--

ASSEMBLYWOMAN POU: So are we, by the way.

MR. LARKINS: Right.

ASSEMBLYWOMAN POU: So are we. We, as members of the Legislature-- Certainly, we know what our responsibilities are. We are certainly working with you along those very same lines.

MR. LARKINS: Right. And I say that not to criticize or be critical of the members, but to say to the public, "Listen, there's a call to

address the need.” And people want us to act quickly, but we’ve been down that road, and we’ve done that. And we didn’t do it right. So what I’m suggesting only is this: What I’m committed to is doing it right this time. It might take a little bit more time, but there is no other way for us to do it. When I hear the criticisms of the things of old, the way business was done before -- and then also a rush to push out what was already in the pipeline -- it seems to me that what we’re being asked to do is to continue down the road that was a problematic road for us before.

ASSEMBLYWOMAN POU: No, Marc, I agree with what you’re saying. What I’m trying to do is protect the future of our next generation, our current generation. What I’m saying to you-- I’m asking that you work with members on this Committee to make sure that the children -- and particularly those areas, those schools that need the work done -- are given the proper learning environment and facility.

I know-- I now ask every member of the public who is here today: Would you want your child to sacrifice their education because they don’t have the proper resources or facilities that they now attend to be able to provide them with that -- the ability to have the best education? And I know that every single member of the public who is here today would absolutely say that they would never want that to be sacrificed.

So I’m asking you, Marc -- that you need to listen to what we’re saying here. We’re not looking to put you in a situation. We’re saying we’ve been in that situation. We’ve been waiting for this. Our children have been waiting for this for a long time. It’s now time to act. No longer can we wait for this.

SENATOR RICE: Right, Assemblywoman. Any other questions?

ASSEMBLYWOMAN POU: I have a list of other questions.

SENATOR RICE: Okay. We'll get back to them, because I know you have them.

ASSEMBLYWOMAN POU: I would be happy to.

SENATOR NORCROSS: Mr. Chairman, just one moment. I want to address--

SENATOR RICE: Yes.

SENATOR NORCROSS: The suggestion that we want to go down the same old road is nothing I've heard from up here. I take real offense to that. What we want is what everybody should expect: a fair and open process. That's what we've been asking. And for you to suggest otherwise-- It didn't come from here -- and it's inappropriate, Marc. I want a fair and open process where the folks from my community can go in and say, "Gee, my 100-year-old school is falling down. How did you choose it?" Fairness is what they want, and we're not getting it.

SENATOR RICE: Why don't we go to Senator Allen?

I'll make some comments at the end.

When we're finished with Senator Allen, we're going to go to Assemblywoman Jasey, and then Assemblyman Caputo.

SENATOR ALLEN: Thank you very much, Mr. Chairman.

I just want to go back for a moment to the priority list that folks up here were asking about. And I think we all would like to have a sense of that. You said that you need to speak to your Board first, and I can understand that. But I'm wondering if we could have that information

after you speak with the Board so that-- Could we count on you then to forward to us all of that information as to what the priority list was, how it was determined that those 10 schools were chosen, what their check-off list looked like? And I wonder-- You probably have the check-off list for everything else as well that didn't make it. Could we see those at this point as well?

MR. LARKINS: Yes, Senator, absolutely. And you make an interesting point, because in 2008, who knows what was left off the list? But what you will see tomorrow, hopefully -- if the Board takes action -- will be a more comprehensive list and an evaluation.

And I just want to follow up quickly on what Assemblywoman Pou said. One thing that I am committed to is working with not only the members of this Committee, not only the members of the Legislature, not only our superintendents, but the public. I have been out to every district. I think I've talked to many members of this Committee offline. I've been there when called. I'll visit, I'll make myself available. So I'm definitely committed to making sure that we work together. We may not always agree -- but that we at least work together and that we try to be transparent.

Tomorrow, Senator -- again, assuming the Board takes action on it and approves it -- we will release everything tomorrow. And I will make sure that we distribute it through the Chair to all the members of the -- through the Chairs, I'm sorry -- to all the members of this Committee.

SENATOR ALLEN: That would be excellent. I'd greatly appreciate that.

And I have another question, which is on the expended amounts. Assemblyman Wolfe brought up this question, and you were

saying that it's kind of predevelopment. But as I look at some of the schools that are called *predevelopment* -- and I guess that would be in the 2008 list-- But the data as of six months ago basically indicated that some of these schools had millions already expended, and they're not on the list of schools to be completed. So I'd like to know: What do we have to show for \$14 million in Newark, or \$40 million in Passaic, or \$11 million in Trenton, or whatever it is? What do we have to show for those dollars? And do we expect-- Have those dollars been spent on things that have brought the school up? Although I note that some of them are new construction. I mean, are we going to get our money's worth out of those dollars that have already been expended?

MR. LARKINS: You know, I think it's always -- value is always a question of what you're getting. But the idea supporting or underlying this program -- the proposed plan -- is that nothing is shelved. So just because a project wasn't announced as part of the 10 doesn't mean that we aren't working on it. We meet and work with all of our districts, whether it's on the capital program, capital projects, or on the emergents or other issues all the time. So this time around what we aren't trying to do is come up with a list that's representative of all the projects that the SDA will do with the remaining funding. In fact, it might mean revitalizing or making a project happen that people thought wasn't going to happen in 2008. So nothing is shelved.

As we sit here today, and tomorrow, and going forward, we hope that there is no lost-sum cost. But, Senator, the reality of our organization and the way the program has run-- We own property all across the state for projects that districts themselves don't even want

anymore. So there are some projects where we see some lost costs. But for the 52 that were in the 2008 capital plan, none of those projects are *shelved*, for lack of a better word. Those projects are still out there, they're still alive. But they weren't right and appropriate for this first wave of advancement of projects.

SENATOR ALLEN: Have we done the appropriate amount of battening things down so that a project where, perhaps, \$6 million was spent, but the total is somewhere north of \$40 million -- \$6 million has been spent, but we may not get to it for a number of years-- Have we taken all of the steps necessary to make sure that that \$6 million is used, or can be used now, or at the very least is protected until we get back to it?

MR. LARKINS: I believe the answer to that would be yes. And I think the area where, in theory, there will be some lost sum cost would most likely be concentrated on design fees. If, for instance, we decided not to advance a particular design that wasn't-- And, again, that design may not have been completed in terms of its development. But I think that's the area where we would likely see the majority of the lost-sum cost.

However, having said that, to the extent that there is a project where we have acquired land and made that type of investment -- the value received at the end of the day, if we didn't proceed with the project, would all depend on the market. So, in theory, there shouldn't be anything lost. Because even for those designs, technically, we still procured them. So while we're not the owner, we should still have access, through our contract, to that work if we wanted it.

But I think that we-- I shouldn't say I think-- We have done a cost-benefit analysis. We have a sense of what work we've paid for, what services we've paid for. And I think that we're protected to the extent that we ever, for lack of a better word, get back to -- or to use your word -- get back to a project at a later date. We should still be in a pretty good position, financially.

SENATOR ALLEN: I guess my only other question is: Is there a way to find out the specifics of those projects -- particularly those that are called *predevelopment projects*? Can we learn where that, for instance, \$14 million was spent for West Side, in Newark; or where that \$40 million was spent in Passaic? Is there a way for us to have a better understanding of how those dollars have been spent? I hear you saying that we're feeling pretty good about -- we've gotten our arms around where things have been spent and we're protecting projects for the future. And I appreciate you saying that. But we probably would feel better about it if we had a little bit more specific information on how that money was spent, how a project is treading water until we get back to it.

MR. LARKINS: Certainly, Senator, we can provide whatever information this Committee or yourself sees fit. If it's a particular project, if it's the list, obviously it might take us a little bit more time, depending on the volume; and then we have to report back on what -- in what areas those dollars were spent. But we absolutely can provide that information.

SENATOR ALLEN: I think we would all really appreciate that. And if you had photos of them to boot, that would be even better.

Thank you.

SENATOR NORCROSS: Senator, I've got a picture here of the city blocks in Gloucester City that are no longer there -- but an empty lot. (laughter)

SENATOR ALLEN: Thank you.

SENATOR RICE: I know that money spent on West Side was acquisition, where people really lost homes in that project -- should move forward subsequent to this date at some point in time.

Assemblywoman Jasey.

ASSEMBLYWOMAN JASEY: Thank you, Mr. Chairman.

I'm certainly not going to repeat the questions that have been asked, because I, too, would like the answers to them. I think I'm speaking for everybody up here: We're incredibly frustrated. I don't know if it would have been possible for us to have learned earlier that you would not be able to answer the questions, particularly about the prioritization issue. Because that's really what I came today to find out.

As I mentioned in my opening remarks, my concern is to be able to report back to my constituents what happened or what didn't happen, and what they can expect. And I really will leave today with no more information than I had when I came. So I find it incredibly frustrating to be here today.

I understand your -- I think I understand your position, and I respect the fact that your knowledge of the details is excellent. That's been from the beginning. I think you have a great command of the issues, the details, the projects. I know you've been all over the state looking at them, and I appreciate that. So I think that the best we can hope for -- at least I'm feeling this way -- is to leave here today with a promise that, number

one, we're going to see what the rubric is for making decisions and what the plans are going forward.

But as Senator Norcross pointed out, this doesn't play well in terms of transparency and accountability, because we really don't have any information. And we have to go back to our districts and explain to people who have been waiting for a long time why their projects are not moving forward; particularly projects, as I mentioned, in Orange where, again, people's homes were acquired, communities were disrupted, neighborhoods were destabilized, and they have nothing to show for it. And a school where -- the last time I was there for a celebrity read, I walked into a classroom and it was cold. The kids were wearing their jackets. And when I asked about that, it had to do with the furnace. It just doesn't get cranked up enough to get the heat up to that floor until early afternoon.

And so when we talk about our expectations for children to perform, for staff to be able to deliver, we have to think about: How would we or how would our children function in a room that was cold or in a building where you have to go three flights down to get to the only bathroom in the building? I mean, these are just not conditions that--

And I'm not blaming you. I'm just saying -- I'm expressing my frustration, because in 2011 in the State of New Jersey we should not have these kinds of conditions in existence. As Assemblyman Caputo says, the environment says a lot to children, and teachers, and administrators about what we think about them. If they have to go to work every day in a place that's not decent--

And, again, I appreciate your comment about the Taj Mahal. I don't think we need Taj Mahals, but we need efficient, safe, friendly places for children to learn and for staff to work.

So I'm really looking forward to understanding, and to seeing the details of the plan, and to moving this forward as quickly as possible. And I also express the frustration of others that nobody's gone to jail for all the money that was not spent appropriately by the SCC. And that was prior to my time, but it concerns me deeply. I appreciate and echo the idea that we want to be good -- we must be good stewards of the taxpayers' money. And perhaps the only -- the one positive I can see coming out of this recession that we're in is that it's forcing us to really look at our priorities and really make good investments in the future, beginning with our children. And the schools are the most important part of that.

So I look forward to our next meeting. I thank you for coming today, but, again, I'm just tremendously frustrated.

SENATOR RICE: Before Assemblyman Caputo, let me just say for the record, in defense of Marc Larkins, is that we did have a discussion about this meeting. And he also indicated that they were trying to get a Board date. They had a committee date, and there were things and information he may be able to provide and some he could not. I said, "Well, we're going to have a meeting." And I would hope that when the Chairs call a meeting, that members don't get the attitude -- you don't show. I've been to a lot of committee meetings where there wasn't anything of substance, but I learned something.

So anything above zero is a plus. That's number one. (laughter) And I'm being honest about that as Co-Chair here. I'm not

going to sit at meetings by myself. And I think we have an obligation, and most of us do go up and down the state.

But on the other side of that, I also want to say that the one thing you can take back is what we didn't know. But also let them know that we may have to go back and revisit legislation to make sure the process is more transparent if, in fact, it's there. And so I think that's important for us to know.

The other thing is that when Marc was asked to come-- The reason I called the meeting -- the Co-Chair and I -- is because we tried to have this meeting in the past. Senator Norcross tried to have it, and the Administration indicated that the Executive Director had to go before the committee. He went before the committee, and they said, "Go back and put some other things together." So at that point in time he couldn't come with anything.

Then he said, "We have a date to go before the committee, and we have to make sure it's vetted past the Governor so that when it gets to the Board the Governor has already reviewed it, etc." And Senator Norcross and I had the discussion. Senator Norcross said, "Well, can he at least come and tell us whatever it is he can tell us and what he knows?" And so he's here to tell us what he knows. But we will have a subsequent hearing, and it won't take as long after the Board meeting as it took to get to this particular date.

That's why I wanted to make sure your Chief of Staff, Marc, is taking good notes so they'll be able to respond back to us at the next hearing that the Co-Chair and I call.

With that, Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: How patient could I be?
(laughter)

Marc, you know, some of these comments today really, really hit home. And I think we're relieved in a sense -- aside from the progress, or lack of progress -- is that someone like you is in charge of this very complex program with all of its nuances. The fact that it has such a terrible history, and that we have the confidence in you personally to make sure that there will be no corruption or any kind of inappropriate decisions being made in that regard--

But the public schools in the State of New Jersey are being criticized. We're all under that criticism from the public, from political sources, whatever, that they're failing. And part of that-- As I said in the beginning, part of that failure is because, in my opinion, it's part of the puzzle. Those schools, those facilities are a very integral part of why children fail and why they don't. For example, I've seen new schools go up in Newark, 30 years ago, where it made a tremendous difference in the community and the attitude toward that facility and the attitude toward being educated. So you're handling a very, very sensitive part of the educational process.

And the fact that some of the schools are being selected-- As Senator Norcross said, fairness is really the bottom line. And the fact that if we don't have fairness people are going to question our motives. Regardless of how good a job you do, the perception will be that things were not done in the proper way, which we know that would not be allowed.

But the fact is, the county superintendents of schools should be involved in this process. They should know what facilities in their counties

are not up to snuff, if they're unsafe, if they're not clean, if they're in deep need of repair. They should have input from your county superintendents.

Your local districts, if there was no program, would be able to document at least to the community or to the State of New Jersey what schools had to be built even before there even existed an agency like this. So the local district should be involved in that process in terms of identifying what schools need to be built.

And the fact that the transparency is beginning to appear, I think, will help alleviate some of that. But the fact that this meeting occurred with all these questions that are very, very important-- You know, when I served as County Superintendent of Schools in Essex, we did an investigation into the Newark Public Schools that was asked from the parents of that district. They were unhappy with some of these issues. And that was 30 years ago, and those schools are still there. And we documented that those schools should be torn down, repaired, or remediated in some way to make them fit for the children of the city of Newark. Since then, there have been a few schools built. But really, prior to your administration, these things have been lagging behind for many, many years.

So now, when this list becomes approved by the Board that you report to, you're going to be questioned, not from us alone, from the State of New Jersey, from people who want to know how these schools were selected. So I'm giving you a little advice. In my opinion, you're doing a great job, but you better be prepared to discuss, in detail, how these schools ended up on this list. Because if we're not prepared properly, there's going to be more than frustration. There's going to be litigation, there's going to

be outcries from towns that feel they've been neglected. But if you do it right-- If you do this right, you will be supported. But if you didn't do it right, there's going to be a problem from not only members of this community -- of this Committee, but from educators, parents, and taxpayers in the state. This is a very, very crucial time in the decision that you're about to recommend. And we want to support you. We want to be in a position where-- We want to see schools built. Everybody is going to be unhappy. I could be unhappy with what's been projected in Essex County, but if I know it's been done in the proper way, I'm going to accept that and hope that in the next round we're going to do even better. So I think we've got to put our minds together and synthesize all this information, which is tremendously difficult, to come up with what the process was and why these were approved. And I think if you do that, we're going to be in good shape. If we don't do it, we're going to have more questions from Senators and Assemblymen, and everyone else who is concerned about public education in the state.

And the fact that we're talking about charter schools and all that-- Why do people want to go to these charter schools? Because all of a sudden somebody buys a school, and \$3 million is in there to renovate it, and it's better than the school that the kid went to three days ago. So why aren't we doing what we're supposed to do for our kids? If we did the right job, there would be no discussion about charter schools. We wouldn't have to even explore that.

And the kids that we're going to be leaving behind if more people don't get these -- don't see these facilities go up, it's going to be worse for the kids. So let's try to pull together here. Hopefully you're

going to have the right answers. And anything that we can do to support that -- as long as the process has been done right, you'll have our support.

SENATOR RICE: I'm going to go back to my members in a moment, and then we'll get to -- I think there are three public people who want to speak.

But I have a couple of questions, Marc, Mr. Larkins. (laughter)

First of all, the Department of Education-- The Commissioner is not here, but would I be correct to say that they still have a role in identifying, defining emergent projects? Well, we'll straightened that out yet, and that will all come under your organization.

MR. LARKINS: No, every project that we take action on has to be approved by the Department of Education first. That's true of the emergents as well, so you would be correct.

SENATOR RICE: Okay. Let me ask a question, because you kind of -- I suspect you were alluding to this, and then I said, "Well, maybe he's not--" My concern is that -- I sponsored a \$3.9 billion legislation for bonding. And just to make sure the record is clear, prior to Governor Christie coming in, we asked Governor Corzine to move that bill -- we signed the bill -- but to go out and do the bonding for the projects so the money could be in place.

I have to admit, as Chairman of the Legislative Black Caucus, for the record, we met with Governor Christie, prior to him being sworn in, on a lot of issues. And the one thing we raised was the \$3.9 billion bonding. And he indicated to us that was the one thing that the transition team agreed on. And he had asked Governor Corzine, during lame duck, to

please move that, because he recognized that even if he disagreed, given the court decision, we have to fund projects. And I went, angrily--

You were at the meeting, right, Assemblywoman? (affirmative response)

SENATOR RICE: I wasn't happy about that. And I went over to Governor Corzine's office and I spoke to the Treasurer in my usual way when I'm not happy about something. (laughter) And he leaned on the boxes and said, "Even if we go out now, we only have 12 days left in office, so you will never get it out in time."

And so the commitment from the Governor to us that if, in fact, it didn't happen in lame duck -- this Governor -- that he assured us that it would happen, because it had to be done when he came in.

Now, I understand all the talk, which makes sense to me from an administrative perspective, to put everything in its proper perspective. That's just the right way to do things when you inherit something. But I believe that what we're alluding to from this Committee -- the timing of that is just taking too long. We should be in proper perspective right now. I'd like to think you're saying we're in proper perspective to some degree.

But you indicated during the conversation, based on questions raised, that these 10 projects are not really the end. And so I know that the course of these projects -- what we have actually bonded -- we still should have about \$3.2-something maybe billion worth of bond capacity out there that we have to go out for. Is that correct?

MR. LARKINS: Yes.

SENATOR RICE: Okay. So does that imply -- because I don't like to make assumptions, on the record -- not the government people -- but

does that imply that many of these projects, providing they fit into whatever criteria you were looking at -- not you personally, because the Governor is going to say no -- if you're right, he's going to say no. I'll tell you that right now. If you're "no", he's going to say yes, depending on what he wants. So my point is that everybody agrees, to some reasonable degree. Does that mean that we're going to be funding these projects? And the question -- the other part of that is whether or not-- Has the Governor given any indication -- and maybe you can't answer that before tomorrow, and we can ask him too -- when he expects to do the bonds; just get out on the issues and get that money ready to get these projects in the ground?

We're going into construction weather now. And I'm very much concerned. I'm concerned because there is no one here on this Committee that represents -- I don't believe -- Phillipsburg. But I went to Phillipsburg when the project was like \$50 million, \$70 million less than what it is today, and they have trailers all over the place. They have so many trailers, they have to pay staff just to be out there and direct you to a trailer. You forget they have a building, there are so many trailers. It's a trailer park. (laughter) And so for that not to be part of this--

Can you kind of respond to that \$3.9 billion -- where we're at? Has there been any discussion about going out to start to get these dollars now, since you've got everything in perspective?

MR. LARKINS: I'll try to do the best I can, Senator. Obviously, I'm not speaking for the Governor or the Treasurer, who we have to rely on to actually go to market. But as I sit here, I don't have any indication that funding is going to be an issue for us. What I can suggest is that -- or what I rely in part on for that assumption is -- the Governor

approved the bonding last May, I believe it was. And we received approximately \$500 million. He is supportive of this plan that we intend to take to the Board tomorrow, and he understands and, I think, announced that based on the present-day budget, it represents an investment of about \$580 million in State dollars. So I have been given no indication that funding is an issue for us. Obviously, that's based on the best information I have today.

In terms of the timing of that funding, I defer to others who are specialists in the market. I think that there might be some concern as to what the market will be able to absorb. I'm not sure that the State would necessarily be able to go out and bond for the entirety of that at the time. I think that the State attempted to make a large issuance recently, and there were some questions about the interest rates. And, again, I'm not expert in these areas. But I think there are a lot of factors that go into the timing of the issuances. But I believe that the money will be there. The Governor certainly supported this plan publicly. He understands the investment for this 10. He's given no indication that he's not supportive of the idea that this will be a continuing or rolling/phased approach.

And historically, even before the change in Administration, the way the organization was funded was in tranches. We never really got a big bond issuance or receipt of bond money in one big lump sum. So historically we would get a few hundred million at a time -- \$300 million, \$400 million, \$500 million at a time when we needed it.

So that's the best that I can -- I think I can do on the funding. Obviously we rely on EDA to actually issue the bonds. And we don't actually deal with the issuance itself. We obviously just manage the receipt.

SENATOR RICE: I understand that. I just want to make sure that my members have something to take back -- those who are concerned they can't respond to their constituents. And if you can't respond to them, give me a call. I have no problem coming and talking to them about what I do know.

One of the things I do know is that we passed \$3.9 billion. And I do know that there should be someplace between \$3.2 billion and \$3.4 billion left. I also know that it's not wise to go out, many times -- sometimes it is -- to draw down everything you don't need, because the market fluctuates.

But if you can send, through the Chairs, information on projects, once you get passed your Board tomorrow, that you feel are ready to go -- even if the Governor hasn't agreed to them yet -- that you feel are ready to go if they, in fact, were funded, we would appreciate that.

And then I'm going to ask staff to generate a letter from the Committee -- if they don't mind -- as a whole or from the Chairs -- doesn't make a difference -- to the Governor raising the question to him, can he give us his anticipation on going out on issuing projects that need to fly as soon as possible. Okay?

With that, I know that the Assemblywoman, the Co-Chair, has a question. And I know that the Senator has an issue.

I think you have some more questions. (affirmative response)

ASSEMBLYWOMAN VOSS: I want to thank you, Mr. Larkins. I know that this must have been a grueling situation, but you comported yourself well. And I look forward to an elaboration on the answers.

But a few things that I-- In the course -- you were saying that the SCC had many projects that were poorly done. And I can attest to the fact that I was in a school where the children had a cafeteria, gymnasium, and study hall in a room below the surface of the ground with little windows, and that the food they ate was cooked in a closet that had a lavatory on top of it that dripped into the closet. And this-- I'll never forget this as long as I live, because I had never been in a school like this.

I was in another school that supposedly had been repaired where mold was on the drywall, and it wasn't even three months old. I was in another cafeteria where there was a gas pipe this high (indicating) out of the floor of the cafeteria -- that they put a wastebasket over so that the kids wouldn't kill themselves when they got lunch.

My question is -- and these are just a few of the things I've seen. My question is: Were these remediated? Were they taken care of, or are these kids still-- This was like seven years ago that I started on this little journey. So I hope that these have been remediated -- that they get priority. That's number one.

I want to echo what Senator Allen said, because I love this amount expended -- and I was writing as quickly as I could put down what it had been expended on. And one of the things I always have a problem with are consultant fees. And I hope that when you give us a very detailed explanation of the money that was spent -- whatever the consultant fees were, they will not be replicated again when the projects do get underway.

But another thing I have a problem with -- because I have visited so many schools, especially ones that are -- some of the new schools. I would like to know who designs the schools. Because I've been in schools

-- beautiful schools -- that have huge atriums when you walk in, and wonderful offices for the administration, but they have no shops, they have no industrial arts, they have no facilities to teach the kids vocational education. And yet this is a Taj Mahal, as we've been talking about. That, to me-- I would like to know who is in charge of designs, because I think that the design has to fit the needs of the students. I mean, I'm an educator, so I can go on and on. Forgive me.

But the last thing I want to ask is -- the fact that, in looking at this list of 10-- And the thing that really bothers me perhaps more than anything else is that one of the schools -- and it has an asterisk next to it -- it says, "Not on the 2008 capital plan." Now, how does a school that was not on the original capital plan be put on the top 10?

And so, I mean-- As I said, I could go on. But those are just some of things. And particularly what Senator Allen was asking for, because in some of these instances we've spent millions of dollars, and I certainly wouldn't want to replicate anything that has already been paid for. But I also would like to know who is designing these buildings and are they meeting the needs of the children that they're supposed to serve.

Thank you.

I'm sorry. (laughter)

SENATOR RICE: Marc, would you respond to that? And make a note: When you're finished responding to that part, get to phase two of her question, because I had it down also. And I'm not concerned about Senators, or Assembly persons -- who we are, what we represent. And I think Senator Norcross alluded to that when we talk about where schools are.

You gave a good explanation as to why North versus South, etc., etc. -- and that's fine. But I know on the capital list that West New York Memorial High School was supposed to have additional renovations. We never had West New York, Bain Elementary -- new construction, I believe that is. Is that correct? At least it was fully--

MR. LARKINS: Yes.

SENATOR RICE: Is that correct?

MR. LARKINS: Yes.

SENATOR RICE: You need to explain that to us, if you can. If it has to wait until after tomorrow, I would suggest you give it to us in writing right away. Because I don't have a problem talking to my colleagues when I raise a question publicly -- if they have a problem with me raising it. Do you understand?

MR. LARKINS: Yes.

SENATOR RICE: And some of this you said wasn't political, but some of it does speak to me -- not from your perspective. But I've been around a lot time. That's why I have gray hair. (laughter)

MR. LARKINS: Senator, I think that's one I can answer. (laughter) And I think it actually points to one of the flaws with the 2008 capital plan. One of the reasons underlining the necessity of the review were swaps. So while West New York Bain Elementary did not appear on this -- on the most recent version of the 2008 capital plan, it actually was one of the original 2008 capital plan projects, but it was a West New York swap. West New York decided at some point after the 2008 capital plan was announced that they wanted a different project. So the SDA decided that rather than delivering Bain -- which, by the way, we acquired for, did

demo for -- probably millions of dollars invested into that project. They wanted to swap it out for the high school project, which was an addition/renovation.

But I say that only to say that what you will see -- hopefully will see tomorrow -- again, this is all assuming that the Board takes action tomorrow -- is a list much more comprehensive than the 2008 capital plan. Our review used the 2008 capital plan as a starting point. But I think we've had many conversations, and I think everyone understands that that's just the tip -- that was the tip of the iceberg in 2008. Again, no one-- I don't think there has ever been a real vetting or discussion, when we talk about transparency, about which projects were never, ever going to be addressed. And I think after tomorrow, and with the information that we'll release, I think people will see that we're being much more transparent. We may not all agree, in terms of the process, the sequencing. But what you'll see is certainly a lot more information than what was released as part of the 2008 capital plan.

Assemblywoman, the other two questions that you asked -- I'll do them in reverse order. The design issue: Who designs the schools? An interesting point: For pretty much all of them, historically, we went out to procure a design firm to design them. In many instances, we inherited contracts that the districts already had with design firms and inherited designs that the districts started with those firms. But at the end--

I'm sorry, Assemblywoman, I know you have a question.

ASSEMBLYWOMAN VOSS: I'm sorry, because I'm bursting at the seams here.

One of the projects that I worked on in my town was to build a police station. And the first thing I did was to find architects who specialized in designing police stations, because there's a very particular, specific kind of design. You can't just have any architect come in. And I would assume -- perhaps erroneously -- that there are architects that specialize in schools. Because I have been in so many of the new schools, with so much wasted space and so much inappropriate parts of the school that are not doing the students any good. But the design is beautiful. As I said, I was in one that had an atrium that would be beautiful in an apartment building, but not in a school. I'm sorry, but I'm very passionate about this.

MR. LARKINS: And to answer your question, certainly there are, I would imagine, some design firms that have more experience and expertise in designing school facilities versus other types of facilities. But I will readily admit that that wasn't always the highest criteria.

ASSEMBLYWOMAN VOSS: It should be.

MR. LARKINS: In terms of the way we do our procurements, we're limited to a certain extent. But, again, in certain instances, we inherited contracts with architects that the districts had already procured. At the end of the day though, before design was advanced, not only did the SDA have to approve it, not only did DOE have to approve it, and DCA, but the district signed off on it too. So for each building that you see up now through this program, in theory all of those parties should have signed off on the design of that project and said, "Yes, we approve this, and this is what we want."

The last question I think you had, Assemblywoman, related to what would appear to be maybe emergent issues in school buildings. That's an interesting point. I can't speak directly to the projects that you mentioned, because I just don't know what they are based on the description. But in 2010, we advanced significantly more emergent work toward construction than was advanced before we got here. So in 2008, there was a pot of emergent projects that we were supposed to undertake, many of which sort of got stuck in some sort of design phase. But one thing that we committed to very early on was advancing that work, because that deals with the more health- and safety-related issues -- your leaky roofs, your boilers. And, again, the need significantly -- it's not even close -- significantly exceeds the available resources. So we try to do the best we can.

But I want to make one thing clear, because I think in the press we sort of get a bit of a bad rap, and I understand that everyone is in tough financial times. But the SDA is not responsible, one, for regular school maintenance, and we're not responsible for emergency situations. Those are the districts' responsibility. So what the districts have to do in order to avail themselves of the emergent process is to make application to DOE. And I think Senator Rice indicated some frustration with the process, in terms of the layers. But unfortunately there is a process. It's one that we're working on and trying to review and streamline. But we are advancing emergent work to try to deal with some of those issues.

ASSEMBLYWOMAN VOSS: Thank you.

Senator Norcross.

SENATOR NORCROSS: Mr. Larkins, you brought up the West New York -- it was brought up here. When was that change made? When was it submitted?

MR. LARKINS: Senator, certainly prior to my tenure. I haven't looked at the date.

SENATOR NORCROSS: So the change in school was prior to the new Administration coming on?

MR. LARKINS: The change from the Bain project to the high school, yes.

SENATOR NORCROSS: Bain Elementary is the one you selected. The one that was on the original 52 list was the high school. Are we on the same page here?

MR. LARKINS: Well, the list -- the original--

SENATOR NORCROSS: The most recent 52 list. (laughter)

MR. LARKINS: Right, correct.

SENATOR NORCROSS: Okay. So that wasn't something-- Because I'm sure that a lot of towns would like to change it if it could have moved up on the priority list. And that didn't happen. It happened prior to you getting there.

MR. LARKINS: In terms of the switch?

SENATOR NORCROSS: Yes.

MR. LARKINS: Yes.

SENATOR NORCROSS: Okay. Well then, that's--

I appreciate the fact that you want to respect your Board, and they make the decision first. So what I want to do now is announce that we'll have a Subcommittee meeting on Construction. When would it be

comfortable that you could gather all the information and come back to us -- next month sometime?

MR. LARKINS: Yes, Senator, I certainly am available to work with you. Next month sounds fine to me. We can--

SENATOR NORCROSS: Well, I want to make sure you can go through whatever process you have to do. And then you can come explain further questions. So we'll put that together as soon as our Committee members can get it.

MR. LARKINS: Yes, sir.

SENATOR NORCROSS: Thank you. We appreciate it.

MR. LARKINS: Thank you.

ASSEMBLYWOMAN VOSS: Assemblywoman Pou.

ASSEMBLYWOMAN POU: Thank you so very much.

Mr. Larkins, I'd like us to go back to the discussion of the construction. I'm just going to stick to the school for a moment. Procedurally, if you would-- Again, let's assume it gets approved. What is the absolute-- Walk me through the process that you would expect or anticipate before the actual construction begins. What are some of the major hurdles or things that we ought to be looking out for that the school district needs to be made aware of, so that they can plan appropriately for each of the school year enrollments and space capacity levels for future school years?

MR. LARKINS: Sure, Assemblywoman. In terms of the stages, the first thing we would have to-- We obviously already have a site. The first thing we'd have to do is finalize a design for the project.

ASSEMBLYWOMAN POU: And do you-- Does that mean that you do not have a design or that you have a design that requires further tinkering, further changes, adjustments, or what? What's the answer?

MR. LARKINS: We do have a design right now--

ASSEMBLYWOMAN POU: That's what I thought.

MR. LARKINS: --that has problems. However, we're not committed to that design. That design preceded us, and we've already run into problems advancing that design in the construction. And we're not confident that that design fits within the standardization rubric.

ASSEMBLYWOMAN POU: And what is the standardization rubric that you're referring to? Is there some kind of criteria that you've established, through SDA, that identifies what that standardization model or system is that you're talking about?

MR. LARKINS: We're working on that.

ASSEMBLYWOMAN POU: Well, if you're working on that, that would mean that you don't have a plan. Is that right?

MR. LARKINS: No, I would only disagree on -- we have a plan that we're implementing. It's not finalized.

ASSEMBLYWOMAN POU: When do you anticipate to finalize that?

MR. LARKINS: It's difficult to say. Our hope is that it will be this year sometime.

ASSEMBLYWOMAN POU: What would prevent you from finalizing it this year?

MR. LARKINS: What would prevent us from finalizing it this year? You know, in theory, suppose the Board doesn't take action tomorrow. I mean, issues with the district. You know, again, the district has to approve the design. We have to work with them on a program. I mean, I guess there are any number of factors. It's hard for me to speculate as to what possibly could happen. But our best guess is that that's what we're committed to trying to finalize and develop this year, which is why I spoke to hopefully being able to achieve some construction by next year.

ASSEMBLYWOMAN POU: Okay. Let's assume -- again just playing this out for a moment -- let's assume you're now over that. You now have outlined the standardization of these models that you're looking for -- or standards that you're looking to apply. You now have a design that you all agree to. What's the next step?

MR. LARKINS: The next step would -- and these things should be happening. And I say *should* because, again, we have to do it -- should be happening simultaneously. But obviously we have to make sure the site is clean. So part of what we would like to advance, in a perfect world, on these projects -- some of these projects -- is some developmental work.

So, for instance, I spoke about Marshall. One of the problems that halted the Marshall project was that we found that the environmental remediation hadn't been completed properly. And that's something that we have to remedy. So, in theory, we should be able to run that concurrently with this design works.

ASSEMBLYWOMAN POU: Sure, absolutely.

MR. LARKINS: But, again, that's another step in the process, just to be open, so we understand all the steps.

But, ultimately, once all those things are done, we have to procure a general contractor to build the building, which takes a couple of months. But that would be the next step.

ASSEMBLYWOMAN POU: Which means you would have to go out for it -- put out an RFP in order to do that?

MR. LARKINS: Yes.

ASSEMBLYWOMAN POU: How long is your RFP process?

MR. LARKINS: Generally speaking, three to four months.

ASSEMBLYWOMAN POU: Then what happens?

MR. LARKINS: Well then, hopefully, we get -- we've had release from DCA, and we can actually go out -- and we have our permits -- and we can NTP the project, and the general contractor can start the work.

ASSEMBLYWOMAN POU: Okay. So you have the RFP. Is there any review process that is-- What is your review process, if you have any? If not, does it automatically get approved and then moves to the next level?

MR. LARKINS: That was the three to four months. That is part of that process. So we go out to bid, we receive the bids, we do-- I mean-- So that process would be the -- would include the evaluation time.

ASSEMBLYWOMAN POU: Okay. All right. So we now have a contract awarded, right? We're at the contract award period, right?

MR. LARKINS: Yes.

ASSEMBLYWOMAN POU: What happens thereafter?

MR. LARKINS: The construction work. I mean, they would start foundations and--

ASSEMBLYWOMAN POU: How long, from the time the contractor has been identified and approved, is there an award of a contract for that contractor to begin the shovel-ready process?

MR. LARKINS: In a perfect world, when you say -- for the contractor, from the notice of award to begin the process-- In a perfect world, it should be a relatively short period of time.

ASSEMBLYWOMAN POU: Okay. But in our world, what does that mean? (laughter)

MR. LARKINS: I don't want to do that, because we've had so many problems with SDA-related projects where we've had unreasonable amounts of delay. So I want to do our perfect world. I think it should be a relatively short period of time. And then our construction period should probably be-- I think our expectation is usually -- and it depends on the design -- I think a short period would be 18 months.

ASSEMBLYWOMAN POU: Well, I would imagine if it's *standardized*, as you're calling it, it should all be standard and therefore should be whatever it is that you're going to give it. If it's 18 months, it's 18 months, because it's not anything outside of the box. It's a cookie-cutter type of a standard system that you're talking about.

MR. LARKINS: Well, I think that that is the extreme. I think that we have to reach some happy medium, because we have to -- I think we have to be flexible to take into account the uniqueness of each district. Because each district may have different programming, may have different needs. The size of the building might be-- So I understand your point.

ASSEMBLYWOMAN POU: I agree with you, by the way. I agree with you. I was just trying to not deviate from your own public

statement of standardization. I'm only trying-- But I agree with you. Every school system has their own unique needs, and that should be according to the-- We should be doing it according to their needs. I agree with that.

Okay. It sounds as though, to me, we're talking about a very long process. But I wanted us to have an idea, and for it to be on the record, Marc, that these types of things are going to need to be followed. We're going to have-- We're going to come back to this -- to you on this, as you can well imagine. And rest assured, six months from now, nine months from now, Mr. Chairman, or sometime in between, we're going to come back and say, "Marc, where are we?"

MR. LARKINS: Yes.

ASSEMBLYWOMAN POU: Mr. Chairman, I just have -- may I ask another question, or--

SENATOR RICE: Go ahead.

ASSEMBLYWOMAN POU: Okay. Marc, I just wanted to make mention of the fact that, in Paterson -- and I'm using Paterson, but this may apply to many other school districts -- but in Paterson, we have a very large number of schools that are providing education. But they're in a lease-type agreement. For example, we currently have-- My understanding is that our district currently leases -- have a -- leasing school facilities totaling \$4.8 million, in leasing these facilities, mostly because we don't have the schools and we don't have the space needed to provide for the student level that we need.

Are you in support of lease-purchase or purchasing facilities, with district's ownership as being the end result? So the question is: Do

you support a lease-purchase agreement so that we can get ourselves out of having to incur an unnecessary \$4.8 million -- that we now do every time because we have no other space for them to go?

MR. LARKINS: Sure. I'm supportive of exploring any alternative delivery model short of replacement buildings. I mean, replacement buildings, obviously, is the extreme. I'm certainly supportive of it. We're committed to exploring those. But I think each one has to be looked at or viewed on a case-by-case basis. Are we supportive and receptive to the general idea? Yes.

Can I just add one caveat? The one caveat is -- going back to the bonding that we spoke to the Chairman about. Some of our proceeds are restricted because of the type of bonds.

ASSEMBLYWOMAN POU: I was going to ask you about that.

MR. LARKINS: And some of our proceeds actually have to be used toward construction activity. For some of them we may not make use of them to pursue other alternative delivery methods. So that's something that we have to keep in mind as an organization, in terms of our financing. But as a proposition, we certainly would be supportive.

ASSEMBLYWOMAN POU: In which case then, would the SDA be in the position of assisting on trying to lease-purchase some of those facilities so that in-- For example, I know that you've been in conversation with the school superintendent with regard to the Paterson Catholic High School. It would make perfect sense. Here's a facility that's already equipped, that has some things that could be done -- may require some renovation. But it would be a great deal of cost savings to the State, SDA, the school district, the facilities -- the children's needs, and meet all

that, if we had the ability to have -- to enter into a lease-purchase agreement, with that in mind, in order for us to then be able to -- at the end of five years or whatever, you now own the building. Can SDA assist in something of that nature -- along that way?

MR. LARKINS: Sure, we can be of assistance. We're certainly receptive to the conversation, as you mentioned. It's something that we've been in conversation with the district about. But, again, we just have to consider each one on a case-by-case basis.

SENATOR RICE: It's subjective. So why don't you have a conversation with the Assemblywoman regarding it. Because I know you can do it. The question is: Would you do it and does it make sense to get it done? But I also want to remind Committee members who are concerned-- I understand there is legislation moving through where, when it comes to land and other kinds of SDA properties, that the first priority goes to charter schools. And I'm not going to support that.

You better pay attention. As much as you're talking about charter schools, don't rely on what your colleagues are telling you. Slow yourselves down, if you're really concerned about education. Because I can tell who is concerned in the Legislature and who said they're concerned. Do your homework. The hedge fund people have a network going that smells like money laundering to me. (laughter) I'm being honest about it. Do your homework. I'm telling you, it's going to blow up. And all this fast-tracking stuff is not new. The land stuff started with conversation with Washington, D.C., and elsewhere. Find out who Reese (phonetic spelling) is. Do your homework. Find out who the doers are. Do your homework.

I said that for the record.

That's being transcribed, right?

HEARING REPORTER: Yes, sir.

SENATOR RICE: Because when they start taking people out, I don't want to say I didn't tell you so. So, yes, have the conversation with the Assemblywoman. Because traditional public schools should get a priority to any properties that the State owns for education. Okay?

With that, let me move to Senator Allen, and then Assemblyman Wolfe.

ASSEMBLYWOMAN POU: Mr. Chairman, I just want to make sure--

SENATOR RICE: I'm sorry, yes.

ASSEMBLYWOMAN POU: I just want to make sure that you were not referring to the conversation that Marc and I were just having about-- You're talking about a charter school. That was not our conversation.

SENATOR RICE: What I'm saying is that-- You had the conversation about whether or not--

ASSEMBLYWOMAN POU: I just wanted to make sure it goes on the record.

SENATOR RICE: I think the record is very clear. The conversation was about whether or not SDA could take land or buildings and lease (*sic*) them. And I'm saying to you that there is movement on legislation to come through the Houses with the scenario of taking SDA land and buildings-- You may not have to go to your church. There may be a piece of property we own. There is legislation that says a priority will go to charter schools to own or purchase those things first. And I'm saying, be

very careful. Let's keep our property under our control for traditional public schools if it's going to be an educational piece. And then look at other properties outside -- in this case -- to lease.

I was just going on the record, because I know what's going to happen. Everybody is going to play partisan politics, and you're going to do something that, if you don't do your homework, may come back to haunt you. I'm on the record saying that. I said it publicly. Anybody who wants to interview me can interview me. Fine.

Marc--

I mean, Senator, go ahead.

SENATOR ALLEN: Thank you.

Two quick questions -- well, one quick question, which is historical buildings. We have a lot of schools which have spectacular historical façades. In some cases, we have seen them demolished in the past. And I'm wondering if you're looking at that, as you move forward, with the idea of trying to maintain some of the façades of these schools.

MR. LARKINS: Senator, that's a great question. And we do do it with respect to each project. What I will offer is that in our experience, to date, it's much, much, much more difficult, and typically much, much, much more expensive to do it that way -- to restore old buildings and to bring them up to code, and to also meet educational adequacy. So we do look at it. We do consider-- But in our experience, we've run into some problems with that effort. One classic example that is going on right now is up in Elizabeth. We're working on an elementary school project, and we had to increase the budget for that project by upwards of \$3 million because we originally attempted to maintain a

portion of the facility and just do an addition. But once they got in, the structure of the facility and the renovation work made it not one that we could salvage. And so we had to tear it down and actually rescope the project.

SENATOR ALLEN: Is there any way you can avail yourself of some of the Federal -- there are, for instance, tax credits available, which wouldn't be appropriate. But is there a way to find a door into some of those Federal write-offs?

MR. LARKINS: I think what we will do is certainly consider it. I suspect, however, that there might be prohibitions and issues in terms of the funding mechanism for our program.

However, having said that, we will consider all avenues and take a look at any ways we can get assistance to try to engage in those sorts of efforts. But I think we may run into some problems because of the way the statute funds the program. But having said that, we'll certainly explore it.

SENATOR ALLEN: You'll look into it?

MR. LARKINS: Yes.

SENATOR ALLEN: The other area that I want to question you about for a moment is-- First of all, we're thankful that we have somebody with your background leading this organization now. And we look at what's happened in the past, prior to your involvement, and we see that there was overcharging, there was shoddy work, there were questionable decisions and, as we know, billions of dollars down the drain. And so my question really is this: Are you familiar with the companies that did some of those things? And have you made sure that they are no longer

able to bid or be part of all of this? That's my first -- the first part of my question.

MR. LARKINS: Senator, that is certainly a very important endeavor that we have to undertake, but it's also a touchy one. Many of our Board members are certainly concerned about our contractor performance evaluation process, and it's something that we're reviewing and trying to determine how we can use that process in terms of our procurement process.

The problem though is, we're really limited. And it's very regulated in terms of how we can go about excluding potential contractors from doing business with the State. There's a debarment process in place. But, you know, quite frankly, the SDA has had a fair hand in some of the problems, some of the historical problems out there. And we really have to be careful about how we approach that process to preclude or exclude certain contractors from doing business.

SENATOR ALLEN: Well, let's look at some of the schools that the Co-Chairwoman was mentioning -- some of those issues. Certainly anybody involved in those projects -- at least as it pertains to those specific areas within those projects -- either should not be involved anymore or, frankly, should be gone after.

MR. LARKINS: Sure. And, you know, it's an interesting process, because what will happen-- Just to give you an example of the debate, the design firm will say, "I designed it, and the State approved it." The contractor will say, "Well, I bid it to design, and the design firm screwed up the design." So I think the point is, it's certainly something we're exploring. Our regulations that we inherited are set to expire

sometime this year in terms of our bid procurement -- our construction procurement process. And it's something that we're looking at in terms of how, and in what way, we can really make use of contractor evaluations.

Having said that, where there's clearly malfeasance, or lack of performance, or other issues, we certainly can avail ourselves of the debarment process, but it's a much more difficult process to engage in. But the issue that you raise is one that we're certainly looking at. We're certainly reviewing it and considering it very carefully. And we want to put the State in the best position to obtain the best contractors on our jobs.

SENATOR ALLEN: Is it within your purview to go back and look at the schools that have been done -- whether they've been new, or refurbished, or additions -- and to see problem areas that, sadly, probably still exist, or at least become aware of problems that did exist and have been dealt with -- and to go back and maybe sort of *Madoffize* them? Go back and say, "Okay, we spent this money, you screwed up, and you either have to fix it now without any more dollars from us, or we want our money back." How do we go-- First, is it within your purview? And if it is, do you need help from us, from the Legislature, to give you the guns so you can do it?

MR. LARKINS: It absolutely is within our purview. It's something that we looked at when we first came aboard. And because we thought that our efforts had been lacking, we set up a unit devoted specifically to that task. And what that unit does is essentially what you just mentioned, which is look at our old projects, look at where there are opportunities for the State to either recover costs that shouldn't have been

expended or where there was waste or lack of performance, and to go after it.

The one hurdle there is money, because we have to pay lawyers, to the extent that we have to sue -- to sue firms. But we're committed to doing it. In each instance, we engage in a cost-benefit analysis, we look at the likelihood of recovery, and we make decisions based on that information. But to date, we have sent out, I would say, upwards of 25 -- and that may not sound like a big number, but in consideration of the fact that not much happened before that -- upwards of 25 notices to vendors putting them on notice that, "Look, we intend to engage in some cost-recovery efforts." And it's active. The group has been up and running now since the summertime. And it's one that we have report directly to the Chief of Staff, because it's one that we felt was very important to the State and the taxpayers.

SENATOR ALLEN: I'm very happy to hear about this. Would those 25 then -- I would expect those 25 organizations that have been put on notice -- they're no longer involved in anything. Would that be a fair statement?

MR. LARKINS: Unfortunately, because of the process, our statutes, our regs, that wouldn't be fair.

SENATOR ALLEN: What can we do to make sure that these people don't get to be part of these projects? Do you need our help?

MR. LARKINS: That issue is under review, and it may be that we will try to work with members of this body and the Legislature to the extent that we feel the statutes need to be changed to give us a little bit

more flexibility. I think it's incumbent upon us first to do our homework and to see what type of flexibility we have now.

SENATOR ALLEN: My only worry is that as you take the time to do your homework -- and this really isn't a criticism, because I'm thankful for what you've done and where you are. But as we move forward on other projects, I don't want a project in my district to be built, or to be overseen, or to have any involvement by these groups that you're going to get money back from because they've done a bad job. We don't want those people working on these projects.

Maybe we just need-- When you go after them, maybe we need to make it very public. Maybe we need to do something. But I would guess that everybody in the Legislature on this panel would feel very good about doing whatever we needed to do to make sure that this doesn't happen again. So I'd be happy to speak to you about this as we move forward, and to have the rest of us involved as well.

SENATOR RICE: Assemblyman.

ASSEMBLYMAN WOLFE: Thank you.

Mr. Larkins, thank you for being here.

MR. LARKINS: Thank you.

ASSEMBLYMAN WOLFE: It's been very interesting, very educational and informative for us as legislators. And I think it's important that we realize this is not a partisan panel here. We're trying to look at an issue that's been with us for, I guess, 15 or 16 years.

And I just want to go back to a couple of things that have been said, because it reinforces what I said originally when I made my opening statement. Being a sponsor of the original legislation, the goal was to have

model plans for every type of a school: middle school, elementary school, whatever you want, and then a high school. And then all of a sudden, the districts that got the money decided they wanted to have their local architects kind of fine-tune the plans, and then there had to be change orders, and then the change orders had to be changed. And that's, I think, really where a lot of the problems began.

You just said something in response to Senator Allen's question. And Assemblywoman Jasey basically said the same thing, and I said it before. About a year or so -- about a year-and-a-half ago, a woman -- I think her name was Cooper. She was called the Inspector General. Is that her name?

MS. SCHULZ: Mary Jane.

ASSEMBLYMAN WOLFE: Is she still here? (affirmative responses)

Okay. She appeared before the Education Committee in the Assembly, and we talked about the problems with the Schools Construction Corporation.

Now, Assemblyman Joe Malone and I have really been on that for years. And what she told us was very disturbing. I'm not an attorney. She basically told us that she had conferences with the Attorney General about issues that came up about the Schools Construction Corporation. And they would decide whether to proceed or not with any action. And the thing that upset me more than anything is, I said to her specifically, "Could you please tell the Committee who or what has been prosecuted as a result of malfeasance, nonfeasance?" What is the other *feasance*? (laughter) I don't know what the other *feasances* are. And she said one individual was

prosecuted for misuse of an E-ZPass. That was her response to our Committee. I mean, were we flabbergasted? Yes, we were. But I think we were also very saddened that we saw that money just going down the hole.

And you're there-- And I have complete faith in what you're trying to do to get us back on an even keel. We've all had issues up here, but they're not issues that are -- that can't be surmounted. And I really appreciate the effort that you've put into this. But I think what we're looking for is integrity. The Senator talked about transparency. People are watching. They want to know where the money is going. And this is so important.

And that list that you talked about to the Senator I think is also very important. I wasn't aware of that. I think most legislators weren't aware that this progress has been made. So I want to thank you for your testimony today.

Thank you.

SENATOR RICE: Okay. Any other questions from the members? (no response)

If not, we'll go to -- there were three speakers here.

Marc, if you and your associates could kind of just hang around a little bit in case we have some questions after this.

We have here Wendy Kunz, from Camden; and Paul Spaventa. Come on up and have a seat.

I have a speech impediment when it comes to names.

Fernando Martinez. That's pronounced two different ways. Is it Martinez (indicating pronunciation) or Martinez (indicating pronunciation)?

ASSEMBLYWOMAN VOSS: Martinez. (indicating pronunciation)

ASSEMBLYWOMAN POU: Martinez. (indicating pronunciation)

SENATOR RICE: That tells me that it's a different type of background, or something. That's what they told me.

Fernando, are you coming up? Come on up, Fernando.

FERNANDO MARTINEZ: (speaking from audience) I'm going to ask (indiscernible) our parent members to come up. That's why I was waiting here. (indiscernible)

SENATOR RICE: All right. Why don't we do this? Why don't the two of you go ahead and introduce yourselves? Why don't we start with ladies first? That's what we do here in this Committee, when we can.

WENDY S. KUNZ: Thank you, Mr. Chairman, Ms. Co-Chairwoman, Assemblymen and women, and Senators.

My name is Wendy Kunz, K-U-N-Z. I work for the Camden City Department of -- Camden City Public School system. I'm the Director of Construction. I am an architect. I've been an architect for nearly 40 years, primarily on school construction.

Lanning Square family school, like many schools in Camden, serves some of the most economically and socially disadvantaged students in the country. It's been the subject of reports all over the country. The new school, Lanning Square Elementary School, was to be a replacement for the previous school, which had to be evacuated in November of 2003 due

to structural failure. Over a weekend, almost 600 students were relocated to three other schools, all of which need drastic repairs.

One of the schools, Broadway Elementary School, is close to 100 years old. It was in the process of being decommissioned as a school due to its bad condition. Fetter School was built in 1878. It's almost 140 years old. That was pressed back into service. The Broadway School has approximately 12 classrooms. It lacks a gymnasium, a cafeteria, and an auditorium. The Fetter School has had numerous emergency repairs in the past several years. Both schools have had emergency repairs identified and completed just this year. They were identified two years ago; they were completed this year. However, the scope of work of the emergency repairs was reduced while it was in review with the SDA, so not all repairs got completed. Both schools now require additional repairs to stay safe and healthy for our students.

Lanning Square is to be a 21st century school to replace 19th century schools. A 21st century education must have a 21st century facility to deliver effectively. The project is designed and ready for construction. City blocks have been cleared and cleaned of contamination. This is literally a shovel-ready school. We were deeply disappointed that construction funding was not granted. Construction would have provided the energizing spark of renewal and hope for the neighborhood, and the possibility for jobs for local residents. The district is sad for the loss of funding for the school. It is sadder for the neighborhood that has been delivered another blow after so many promises.

But the district is saddest for its students who must continue their education without ever experiencing a 21st century school. Although

the message perceived by students from the people, the adults who control the situation -- that someone doesn't think they are worthy. However, Camden City Public School District knows that each and every student has the potential, that each one of them counts.

To expand on this a bit, the two schools that Lanning Square would replace collectively have a paved playground -- and that's it -- not much farther than this room. The two schools are located about four or five blocks away from each other. You have families dropping off kids at one school and hurrying down to drop off kids at another school. They're divided by age because neither school is large enough to encompass the whole population.

It's been an approximately eight-year delay since this project was identified as an emergent project. And that time is being added to every day. I've been speaking to legislative subcommittees for about -- well, since about 2007. My message has not changed. Lanning Square Elementary is still the highest priority for the Camden School District.

As I understand it, the only school system in south New Jersey to have a project awarded -- I won't say which one. But the project would be designed -- of a new school. Now, to me, that indicates, one, design on a new project adds a project to the books of the SDA. So they can say that they've added -- they're continuing to add design. Design is the least expensive -- least investment required in a project. So they get to add a project at the least amount of cost. They leave projects on the boards that aren't completed -- health and safety work that's not completed -- but yet they get to write them off because they're no longer on their list.

If I sound disheartened or critical, I don't mean to be. Mr. Larkins has done a fine job coming in and correcting a -- what I think is an atrocious situation before. However, the conservative approach that the agency is taking toward every decision-- In business school I learned that the worst decision is no decision. The escalation that we've experienced, although it's been minor, probably has added another \$10 million to the cost of the school over my time, of the period we're talking about -- the eight years, seven years.

The school was originally budgeted for \$23 million. It's gone through two adjustments in its design: one, to bring it up to code as the time period has lapsed. The other is because so much time has lapsed, the district changed its needs. We were directed by the Department of Education to make other changes, which we did. The architect, the SDA worked very closely together with the district. We accomplished the changes. I don't know what the design costs were, because the district was kept out of that end. However, we know that we've added over 100 students -- 110 students to the building. We kept the cost the same, we kept the footprint almost the same. So we were able to build a bigger building for more students at the same budget four years later.

The emergent repairs at Broadway and Fethers: We had a wall that was falling down at one of these schools that we moved Lanning kids into seven years ago, eight years ago. We identified that in February of one year. It took a year-and-a-half to get the SDA to complete the work for the same amount of money and for the scope of work that the district had identified that year before. We've had other issues where the SDA, as an agency, has come in and said, "We have to be involved in this project. It's

over a certain threshold.” Whatever the reason is, they have to be involved. They have added a year and a lot of money, and I see very little-- As an experienced architect, I have seen very little value added to these emergent projects.

I have said before, and I’m saying now again, let us agree on a total project budget, let us agree on a total student enrollment, and let us agree on the maximum size. Let us design a project. It can be reviewed by whomever, but let’s get on with the work. I’m willing to take that as a charge for me, personally, since I’ve done it so many times successfully in the past. Give me maximum size, maximum budget, and how many students we have to put in. I can do that. It does not take extra money or extra time to do good design. Good design -- one of the definitions of it -- is you do the best possible design, meet the most functional needs at the least possible cost. You’re not adding frills to it, you’re not adding gingerbread. A lot of people here have already described that problem. That is not good design. It drives me crazy. In fact, it does not drive, it’s a short putt at this point. I really get upset seeing these--

SENATOR RICE: We don’t want you to get upset. And I need to move it along. I thought that we had resolved some of those issues with SDA, going back even before Mr. Larkins time, when we had meetings up and down the state talking to districts about what could be done locally that we oversee and hold people accountable, versus what we do -- such as the assimilation of land -- where we have more control and we understood the process, etc. And so that’s something that we need to revisit. And I know that--

When I was out of the room, I understand that Senator Norcross, who is the Chairman of our Subcommittee on School Construction, will be holding another meeting sometime in April.

Is that correct, Senator?

SENATOR NORCROSS: Yes.

SENATOR RICE: And maybe he can jot that down.

And, Marc, you can jot it down to respond to how we're trying to expedite things by allowing locals to do what they can do best, but we hold them accountable, etc. Okay?

Go ahead, I'm sorry. Could you come -- start bringing it in, bringing it home so that I can get to the gentleman and get the others.

MS. KUNZ: Okay.

Basically that is what I wanted to talk about -- the Lanning Square Elementary School. The land is available, it's been purchased. That's a State cost. People have been removed from the land, the land has been pregraded, it has been decontaminated, and it's sitting and waiting for a contractor to show up. The project was ready to be advertised, and it's been delayed twice. And if it's not done soon, it will be delayed a fourth and fifth time while, again, it is redesigned to catch up with local codes.

SENATOR RICE: Thank you.

ASSEMBLYWOMAN JASEY: Senator.

SENATOR RICE: Yes, Assemblywoman.

ASSEMBLYWOMAN JASEY: Didn't we hear about this the last time you testified before us?

MS. KUNZ: You've heard it about four times now.

ASSEMBLYWOMAN JASEY: Okay. I just wanted to make sure that I wasn't confused.

Thank you.

SENATOR RICE: Any questions for that particular speaker before we go to the next speaker.

ASSEMBLYWOMAN VOSS: Why do building codes change all the time? I had an issue in another town -- that the building was not up to code. Why do they change so frequently?

MS. KUNZ: The building codes change about-- They're on a scheduled review. Every six years or so they are reviewed and changed to bring the codes -- the requirements for new construction up to current technology and current safety deficiencies that are identified. A fire in a nightclub will--

ASSEMBLYWOMAN VOSS: What amazes me is that in six years they could change, and yet many of the buildings that we're discussing here are 100, 140 years old. So they're still being inhabited by our children, and new construction is -- like every six years you're changing the codes. That kind of boggles my mind.

MS. KUNZ: Right.

SENATOR RICE: Well, (indiscernible) can only change if it's by regulation or if we change it -- fast change it. So some of those other local changes, oftentimes because of local politics, and slowing jobs down, and taking you forever to get 100 permits--

Go ahead, sir.

Does anybody have a question?

I'm sorry, Senator.

SENATOR NORCROSS: Just real quickly: It's on Broadway, it's right downtown, immediately adjacent to the new Rowan Medical School. And for as much criticism I gave out today, I will say there is a bright spot in not starting your school. It's being used as what they call a *lay-down yard* for Rowan. And, Marc, we certainly appreciate the fact that you were there. I hope you didn't think -- you knew that ahead of time. You would never do that. But we certainly appreciate helping them work. But it still would not impact on it if you decided to change your votes tomorrow to add that school. (laughter) We wouldn't object to that.

Thank you.

MS. KUNZ: If that school was started tomorrow-- The site is laid out that it would not affect the construction and building for another year-and-a-half.

SENATOR RICE: Sir, give your name for the record, please.

S U P E R I N T E N D E N T P A U L A. S P A V E N T A: My name is Paul Spaventa. I'm the Superintendent of Gloucester City School District. I thank you very much, and respectfully, for giving the opportunity to testify here.

I have testified before the Subcommittee before, and I do want to say that I respect all of you for coming down and visiting our school, as well as Marc Larkins -- came down a few times and toured buildings, and was very thorough and very cooperative in listening to our complaints.

My objective here today -- I know that it's late in the afternoon, and I would indulge you to just listen to a few more things. I have a two-pronged approach here. The first one is to kind of make a case, of course,

for representing the people of Gloucester City and being a champion for the students there as we all are sitting in this room.

The Gloucester City School District has had experience in this whole process through nine-and-a-half years. Three city blocks, as you know, 70 homes and businesses were taken at a cost of about \$10 million. So far, just in costs -- and I can list them, but I don't want to do histrionics -- \$37 million has been invested into this project thus far, not including the salaries and the amount of time, through meetings with the Department of Education, through City meetings, lawyers, deed transfers, and so on, and so on, and so on. So that cost has not been encumbered in that \$37 million.

When I sat down and I realized that we were not part of the original 10, I started to think about: What was the criteria? Because in my mind -- being biased, and being subjective, and being part of this place that I really enjoy working, and all of those things -- I started to think: What would be the criteria for us to not be part of the 10, understanding that there are many schools that are in as bad a shape, if not more, than our school. But when I looked at it, financially there's been a \$37 million investment at this point. Safety-- We have-- You know, you were at our school. I also, being a teacher first and foremost -- you know, I have my little audio/visual aids. And I gave these packets out. With your permission, I will give them out at the end. It's bad practice to give them out before, because you will be looking through them, as you know. (laughter)

I mean, we have poor lighting, we have kind of an elevator that goes up a step where you stand in it and it takes three minutes, we have a

fire -- we have fire issues. We are being cited by the local fire department, if you could believe it, in our own -- because it's a safety hazard. They've stayed the fines every six months, and we reapply to the DCA. There's not very much coordination between County expectations and the City expectations, and they're both right in their own way, in case that's part of the record. I don't want to get offensive. (laughter)

We have had emergent projects. And I want to say that the emergent projects -- when you apply to the Department of Education-- And this is my other prong. I think this is relevant to all of you who sit here. There are things that have been talked about today that Gloucester City; myself; and my School Board President, Louisa Llewellyn; and my Director of Facilities, John Kenney -- they have accompanied me -- they have been through. And many of you may not or may know some of these issues. An emergent project comes back and forth at least several times -- they cut it. We have a 90-foot chimney that used to be a coal chimney that was crumbling in the wind. We had to tell the guy next door across the alley that his house may be damaged. They came back and forth, back and forth, back and forth before money was appropriated. The Department of Education has to approve that. We've had, as you saw, hallways closed and all of the horror stories that you can imagine. But understand that that emergent-project money is going to draw away from these buildings, and that is a fear.

With regard to our city, this school was part of a revitalization. It's not just about the school. This city has been through factories, industrial age. Superfund sites are still being there. The EPA is in and out of there. We have projects down by the ball fields where they're

remediating the sites. And despite all of that, Gloucester City holds its own academically. Our Mary Ethel Costello School -- the one that you were in -- there is a drop in scores, and attitude, and climate -- not a severe drop, because everyone is really working hard. But it still affects the performance of our students, as you know.

Our educational specs are approved, our site has been remediated with the help and investment of the City, and cooperation. We are set and ready to go. Those three blocks have sat there since 2004 empty. They have to be maintained, which is another cost to taxpayers.

Also understand that the City owns half of the lots. They have not deeded them to the school district. And even if they had, if this does not take place, they would go back to the City. The City is crying out for ratables. We are also stewards of the tax dollar. Thirty-seven million, so far, no ratables over 10 years. They're talking about, "Hey, what's the deal here?" So I know -- I'm very concerned about this revitalization. The whole city was depending-- This city is a working-class city that depends on their churches and their schools. That's who they look to for stability. They do not look to, necessarily -- no offense -- politicians or speeches. They want to know what you're doing. They look at me and say, "Are you going to get the new school?" And I say, "Yes, we are." Now I stand with -- you know, not able to say that. (laughter)

I'd like to address your question, if I may -- just one more minute. When we had-- There were other renovations in Gloucester City. And when renovations are done-- We had a leaky roof in our gymnasium since it was -- in our kind of gymnasium, field house -- since it was constructed. Our library, our media center still leaks at board meetings.

The problem is that there is escrow money, and that escrow money is held back from the construction corporation, or whoever is doing the work.

The contractor: They hire subcontractors. They don't pay the subcontractors because they didn't get their escrow money. So there's this constant battle between the person who actually did the work to come out and fix it, and the contractor who hired them to do it. Because the contractor may or may not have paid them. And the SCC -- or SDA currently is still withholding some of their money. The contractors figure, "I'm just going to write it off as a loss." They don't have the money to pay the subcontractors. The subcontractor doesn't want to come back. So that's kind of the circle that we face in trying to get these repairs finished.

The emergent projects -- the pipes, and so on, and so forth. You could wait eight months to a year before anything that is an emergent project gets fixed. If it's an emergency, then you have to pay for it because it's an emergency, and you can't get the paperwork in and the approvals.

The secondary thing that you had asked -- very quickly -- was about the time period. We have an issue with the time period. If you're not part of that first 10, and you're approved next year, you're looking at three years down the road before you open the doors.

Gloucester City was past the design phase. They had the design done and the architect was hired. For very many reasons, which are too numerous to list, that architect was not rehired. He was from New York, and there were a lot of issues which I don't want to get into. However, that design phase was done. At that point, it goes to the DCA. You're talking six to eight months. All this speed, fast track -- that may be happening now. But I have to tell you, if you're approved in January now,

by the time you're architect is hired, and by the time you actually get a design, and by the time the DCA actually approves it -- and then it has to go back to the DCA for construction approval and the design of the construction -- and then it goes back and forth, and back and forth. Before there is a shovel in the ground you're talking at least a year-and-a-half to two years, and then two years for construction.

Now, the reason that I bring all of that up is, from past experience -- which may or may not have a credibility factor, since it's the SCC. But I will tell you that those agencies are those agencies, and they have certain things they need to do. My fear for Gloucester City, in particular, is, even if we are approved next year or the year after, our school is crumbling around our students. And I know the amount of time it takes to get these things off the ground and running. So for us to sit here and say, "Well, maybe it will be the next 10--" Well, even if we're the next 10, we're not going to open up doors until 2014, 2015, while my chimney crumbles because we had to remediate it -- not exactly repair it all the way because we didn't have the money -- and many of the things that you spoke about are happening.

So we're sitting in a building that is patently unsafe, would not pass the most rudimentary safety precautions for the general public, and we're not sure if we're even going to be approved in a rolling way -- which I understand it may be six months. Even so, the \$3.9 billion, in my estimation, was proposed to build buildings, not on a rolling basis when you meet certain criteria that -- no offense, Mr. Larkins, you're a great guy -- but on a rolling basis by criteria that no one knows. I mean, I have criteria. I

don't think anybody can argue with my criteria for my school, especially safety. You've got gas pipes and everything.

Come on. Get the money going, get the schools built, put construction workers back to work. It's all well and good to be transparent. Transparency may prohibit progress. We don't need transparency and nothing happens. I can be transparent and not make any decisions. All my decisions would be correct. I'm transparent. But I didn't do anything. (laughter) It's easy to be transparent when nothing is moving forward.

I apologize. I'm just a little irritated. If condos are up on that site, and our students -- a fire happens in our building and our students are in peril because we have condos down the road, or because there is an empty lot there where people are walking their dogs and parking their trucks -- that's a crime.

I apologize.

SENATOR RICE: Well, you don't have to apologize to us, because I'm almost sure if most of us were the administrator -- not Larkins, but the Governor -- that school would be in place. I mean, everybody has priorities. We're legislators. We approve budgets, we do bond legislation. But collectively we're going to have to push and force the issue. Hopefully we don't have to push and force. Hopefully the Governor will step up and work with us, because I'm not going to beat up-- There are certain people who are subordinate to the Governor. I will beat them up, really, because it's the way the Governor gives them authority. When I have people subordinate to the Governor who are doing the best they can -- and that's any Governor-- And I understand they have a boss. As much as they want to do, they can't. And I deal with the Governor. And I always tell my

colleagues, "Don't subordinate yourself to the Governor. He's the administrator, we're the legislators."

And so the reality is that, Mr. Larkins and to Committee staff, make sure in these transcripts -- every issue that was raised comes up at the Subcommittee meeting for answers. Because some of this stuff I thought we revisited. And as the Superintendent said, maybe the process is a little bit more expeditious now -- because he's not sure. It hasn't been tested with him, because we haven't done anything. But for the life of me -- one good lawsuit, we can (indiscernible) immunity into what we want. It's going to do harm to us, etc. So we have to look at that.

The other issue that needs to be addressed -- and I keep bringing this up, and it's something you may want to talk to the Board tomorrow about, as well as the Governor -- is when we made all these changes, my argument was, "Get DOE out of the business of dealing with emergent, because the SDA is supposed to be this real, huge government -- if you will -- quasi-management, construction management company that actually looks at the codes and makes sure people are held accountable, and money is not abused, and expediting money by saying, 'Okay. If this subcontractor didn't get paid, we're going to pay them. If this didn't happen, we'll sue them.' But we're taking care of this problem -- we'll hold the money." That's the way construction works. They're supposed to be bonded anyway.

And so we need to fix those things that are in the way right away. And I can assure you, coming from his background, Senator Norcross can tell you how to fix a lot of those and still have accountability and transparency. But if you have to wait on your emergents-- And you said

that SDA said this isn't emergent. I would like to think, given your team and the people you work with -- they have more of an ability to define emergent when it comes to structural things than some person from a hedge fund organization that's about investing dollars. And I'm being honest about that.

So we need to sever that and get accountability. And the Governor can tell us how to sever that if he agrees it should be severed. If he requires legislation, we can do that. If it can be done by regulations, it should be done right away so that we don't have to move legislation; we can do it later. But that's a discussion that should be on the table right now. Because if that's the case, then what it means -- as to whether it's getting what it is-- And some emergents can be done in the wintertime. We could have been doing emergents, not waiting for the DOE to set the priorities and telling you "no" in some cases and "okay" on the others. Then you get back into another process. So I at least want to get that on the record.

And I want to thank both of you for coming to express the concerns and the frustrations you're having. We share them with you. We are your partners, contrary to what people may think. And if I had to come down there, like I said, I will come back. My Senators and Assembly people -- I don't have problems talking to folks. I just tell them the truth. "This is what it is, and this is what we're doing."

SUPERINTENDENT SPAVENTA: Thank you very much.

MS. KUNZ: Thank you.

SENATOR RICE: Next we have--

Senator, did you want to say something?

SENATOR NORCROSS: Just, thank you very much.

SENATOR RICE: Mr. Martinez.

Now, someone has to tell me how to pronounce that, because--

Assemblywoman, I was told by some of my Latino brothers and sisters that if you're from this country it's Martinez (indicating pronunciation) and if you're from this country it's Martinez. (indicating pronunciation) And I'd like to get it right.

ASSEMBLYWOMAN POU: It's Mr. Martinez. (indicating pronunciation)

SENATOR RICE: Okay, all right. I got it right now.

Go ahead. Just identify yourself. I suspect that this is your support system, but you're going to have the same conversation so that we don't--

MR. MARTINEZ: Yes.

SENATOR RICE: Okay, all right. So you're the spokesperson -- the two of you.

MR. MARTINEZ: Yes.

SENATOR RICE: Okay, very good. You can determine who is going to go first. Give your name -- I almost said rank -- give your name.

MR. MARTINEZ: Fernando Martinez.

As long as you don't call me Fernandez we're okay.

Dear legislators, thank you for the opportunity to talk to you this afternoon.

I'm going to be brief, because I'm very hungry, and I'm sure you all are too, and our parent members as well.

We're here because we wanted to see -- we wanted to hear Mr. Larkins' answers regarding the school facilities and the new projects.

Unfortunately, we also are frustrated, like you are, with the lack of responses. So I guess we're going to have to come back tomorrow. We've been coming back to Trenton for the last five months, if I'm not mistaken, to show presence, to express our deepest concerns about the school facilities in Paterson.

Whatever we say now is not new to you. We can start complaining and yelling about how some of the students are having lunch in the basements. They don't have cafeterias. They have partitions -- one, the students are learning English; and the other one social whatever -- other terms and in the same classrooms. Forty-two -- in School 26 -- students per classroom; 37 in School 9. Right there where Marshall Street was supposed to be built -- it's been a year. We just want to see the (indiscernible) going on. We want to see this started.

And as you'll remember, President Obama injected a lot of money into this project because the economy was down. So our community is suffering.

Assemblywoman Pou, you're not going to let me lie -- 29 percent increase in the property taxes in Paterson in the last quarter.

Our communities need jobs. And these schools -- these projects are supposed to be providing those jobs that we need. Our students deserve to be learning in a very safe and decent environment, and they're not doing it right now. We don't want more students in malls -- in one of the shopping malls that have no roof -- Main Street, actually, in Paterson, and Ellison. And they were actually trying to get -- locate other students in Center City. I love that mall. It's a brand new shopping mall. But that's

not the right place for our students. That's not the right place for them to learn.

So I guess to be -- I said that I was going to be brief. But Veronica Ramos is here. Twenty-five years ago-- We didn't bring the picture here, but 25 years ago she was in the celebration of the 100th anniversary of School 14.

Am I wrong, Veronica? (negative response)

One hundred years -- that's the oldest school in Paterson. This year -- and we're going to celebrate it -- 125th anniversary for that particular school. We have about nine schools over 100 years old. You tell me if the parents from Paterson don't care -- you tell me. Because we are an action group, and that's what we do. If we're going to have to organize more rallies, more protests in Paterson and elsewhere-- We're here to show our concerns.

And with that said, I just want to let you know that I appreciate your work, and we appreciate you coming out with all these questions to the SDA.

We're a little bit disappointed with Senator Cunningham, I have to say. Because we had a lot of meetings with her in Jersey City, and not even one question came from her staff. School 20 is also a problem in Jersey City. And we could mention another project. We organize in five different cities, by the way -- Newark, Jersey City, Asbury Park, Elizabeth, and Paterson. So that's where we have chapters -- in five cities. And the parents of this public education system care, and that's why we're here today.

Thank you very much for your time.

SENATOR RICE: Let me assure you that contrary to what your interaction is with Senator Cunningham, she is very much concerned and caring. And I know that, because I've been to Jersey City with her -- even had this Committee meet over there. And we had those conversations quite a bit, even in our caucus. And she does have representation here today, etc. -- because there were conflicts when we put these meetings together.

This is the Committee to address though, and we are looking at all these. We've been to Paterson. In fact, I was getting ready to ask a question in reference to the school that was built. In fact, I was told it was union work, but everything was falling apart. That was the big one.

Where is that at now with the--

Is Marc still here? (affirmative response)

Marc, you had a school in Paterson -- I think it's International High School. Did they ever get all that stuff abated that we looked at? Because everything was crumbling. That was new construction. I asked him, "Is this a union or nonunion job?" Because I'm always told the unions do stuff right. But that was a union job. But something went wrong there. That's not their traditional work. But are we back on track with that? Is that--

You can speak into the mike.

MR. LARKINS: I think this goes back to Senator Allen's question earlier. We've made a demand to the general contractor to come in and remedy certain issues. And I think that many of the problems that have been identified have been attributed to workmanship. So we're negotiating back and forth to try to-- Some things have been remedied.

There are some issues still out there. One of the major ones is an atrium. I think a lot of people don't focus on that. But we have to pay for a fire watch, because we designed an atrium in the school.

But to your point, Mr. Chairman, we are working on those. We've remedied some of the smaller items, and we're in negotiation with the vendors to remedy the others.

SENATOR RICE: Okay, all right. We're getting ready to conclude the meeting, but I just want you to know that I'm glad you're activists, I'm glad you're concerned parents and community people. That's what it's going to take to get this stuff right.

From Trenton's perspective-- Like I said, I don't know how the constituency base interacts with representation. But I know my members, and I know my colleagues. If you want me to point out somebody in the Senate or the Assembly who I think doesn't work, I'll point them out, I'll call them out. But I can tell you the concern of this Committee and both parties -- and the way we have traveled -- and we can't be every place, every day -- and what we have been fighting for, collectively. And those who are not on it -- for example, over in Paterson, Eleese Evans-- She's not on the Committee. This Assemblywoman has just been on top of this from not just the committee, but the Budget and Appropriations too. But we're going to get there, and that's what these meetings are all about.

So I want to thank you for coming to participate.

MR. MARTINEZ: Thank you. If you will allow me 30 seconds, I want to actually recognize the work that you do. I've been doing this once a month, and it's enough. I don't want to be coming twice or

three times a week to Trenton from Paterson. I want to commend you in the work that you do.

When I was referring to Senator Cunningham -- was because not even one question came from that office to Mr. Larkins. That's what our concern is. I don't know if it was because there were no questions or because they already asked the questions separately. I don't know.

But anyway, I want to thank Assemblywoman Pou, because all the questions were right on point. We learned, actually, we have to wait another 18 months probably to see this project get started -- maybe early 2013.

ASSEMBLYWOMAN POU: Three years.

MR. MARTINEZ: The way I see it--

ASSEMBLYWOMAN POU: Three years.

MR. MARTINEZ: Three years. So we probably won't see any new building until, like, 2018 or so, right -- '17 -- it takes four years?

So, anyway, I wanted to say that I really admire and respect the work that you do, but we have to also give the place to the parents. People think that parents don't care. It's not true. They've been coming every single month to see what happens with these new projects.

And, Assemblywoman Pou, really, thank you for that. And I hope that we can see you soon in Paterson. I know you couldn't make it for our meeting on the 10th of February, but hopefully we can schedule something so we can have a wonderful conversation about our educational needs in Paterson.

Thank you all for your time.

ASSEMBLYWOMAN POU: Thank you. I didn't see you last night at the meeting I was at, though.

Thank you.

ASSEMBLYWOMAN VOSS: I just want to thank everybody.

Mr. Larkins, I hope you heard our voices loud and clear, because every single member of this Committee is very, very, very committed to giving our kids the best education. And I think that you saw, from the speakers who were here, the parents are concerned that we have so many problems that need to be remediated. We cannot drag our feet. And so please -- because we're all going to be watching you. (laughter)

SENATOR RICE: Thank you.

This meeting is adjourned.

(MEETING CONCLUDED)