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M E E T I N G

OF

THE COMMISSION TO STUDY THE NEW JERSEY DEPARTMENT
OF EDUCATION BUILDING CODE, APPOINTED UNDER THE
PROVISIONS OF SENATE JOINT RESOLUTION NO. 4 (1956)

Held:

Assembly Lounge
State House
Trenton, New Jersey
May 21, 1958

MEMBERS OF COMMISSION PRESENT:

Senator Thomas J. Hillery (Chairman)
Mr. Joseph Di Stasio
Mr. Victor N. Ronfeldt
Mr. Hugh Stearns
Mr. Leon Van Zant
Mr. Donald O'Brien

SENATOR THOMAS J. HILLERY (CHAIRMAN): I am going to call the roll here this morning. We have a majority here of our possible membership. Dr. Morrison hasn't arrived yet.

(The following members answered as their names were called: Joseph Di Stasio, Donald O'Brien, Victor Ronfeldt, Hugh Stearns, and Leon Van Zant.)

SENATOR HILLERY: As you gentlemen know, we have not had a general meeting of this Commission for many months. At the last general meeting of the Commission held at the end of the year, the matter of the contract bidding law as it related to our studies here was brought up and thoroughly discussed. In view of the fact that there have been bills presented to the Legislature in the last session, and I believe there is a bill in the present session of the Legislature, dealing with the granting of a preference to school boards in their building program to decide whether they should follow the present law which requires 5 contract bids for school buildings, or whether they should select a general contractor for that work - there was some doubt as to whether this came under the jurisdiction of the study of this Commission, and it was thoroughly discussed and a vote was taken on it and, by quite a majority vote, it was decided that the Commission should go into the bidding law.

As a result of that, I appointed a committee of this Commission to meet with the Building Contractors of New Jersey to try to find out their views on this matter and to work out a recommendation for this Commission. I might say that Paul Brienza of the General Contractors came to me and told me that the Governor was anxious that we follow this procedure, and it was on that recommendation that I selected a sub-committee

of this Commission and asked them to sit down with the Building Trades of New Jersey. This has been a long process, and we are here this morning to hear the report of the Chairman of that sub-committee on the work he has done.

There were requests made by Mr. Simkin in some of his correspondence for minutes of the sub-committee meetings. I haven't any minutes of those meetings and I understood it was the request of the Building Contractors Association that, because of the nature of the work they were doing in the sub-committee meetings, no minutes be taken. Is that right, Mr. Chairman?

MR. HUGH STEARNS: It was not only the request of the Building Contractors Association but of all the other associations. They felt that the details of arriving at agreement would best be served if there were no minutes taken, so that they could have a full exchange of ideas without anything being lifted out of context.

SENATOR HILLERY: Now, if I may, I would like to turn this meeting over to you, Mr. Stearns, and you can give us the report of your sub-committee.

MR. LEON VAN ZANT: Mr. Chairman, may I interrupt. On this sub-committee there were no minutes taken; is that right?

SENATOR HILLERY: That's right.

MR. VAN ZANT: And that was at the request --

MR. STEARNS: That was a request of all the participants but not of the sub-committee. We would have preferred to have had minutes, but all the participants had asked at that meeting, with very special vehemence, that no minutes be taken because, if they were to come to agreement and have an exchange of ideas, they didn't want anything to be lifted out of context because

their general wish was to come to a fulfillment of the purpose for which those meetings were being held, and they felt that once the exploratory work had been done the result itself would then be available for a declaration.

MR. VAN ZANT: May I ask who was on the sub-committee other than you, Mr. Stearns, Mr. DiStasio, and Mr. Brienza?

MR. STEARNS: Mr. Brienza was not on the sub-committee. The sub-committee, as it was originally constituted, was composed of myself and an alternate, who was to be Mr. Di Stasio, and in view of the fact that he might be leaving and be required to go South, Mr. O'Brien and Mr. Ronfeldt came and appeared at one meeting, and then at subsequent meetings Mr. Di Stasio was able to attend three of them, I believe.

SENATOR HILLERY: Will you proceed with your report?

MR. STEARNS: There were five meetings held, at which all the phases of the bidding and the problems encountered in executing the contracts were thoroughly explored. The first meeting was attended by representatives of all the associations including the Education Association. Mr. Frank Best and a Mrs. Page attended that meeting representing the Education Association. At that meeting it was felt that a substantial exchange of ideas should be had, from which they could return to their respective associations and explore what modifications they could make in either the existing plan of bidding or what suggestions they might have.

In the subsequent meetings, Mr. John Joyce, representing the Mechanical Contractors and all the other contractors as spokesman, suggested that first they did not believe that the existing law offered much room for improvement, but feeling the

pressure of public clamor and because of the instance of this Commission, they, in concert with the other associations like the electricians and the plumbers, came up with the plan that bids be obtained from all of the trades; that is, from the general contractors and the four other trades, and that they be opened at the same time, and that the lowest general contractor and the lowest of each of the sub-contractors be joined with the general contractor and that the general contractor be given a small amount for the service of coordinating these contracts; second, that in issuing these bids to all five people involved, there be a pre-qualification of contractors which would include the general contractor, and that the pre-qualification be followed along lines presently in use by the Department of Purchases of the State Department of Buildings and Institutions with such implementation as would make this service available and easy of use by counties and municipalities.

They asked also that the system of bonding the contractors be scrutinized with a view to making it more stringent. Under their plan, the payments to the sub-contractors would have to be established. The important advantage they felt would emerge from this new system would be that they would have the facility that the general contractor could coordinate, with him handling the money and with him being responsible only to the Board of Education of the respective communities.

The proposition was examined by the Building Contractors Association. Their reply was that they were not in accord with it. They offered the alternate proposition that there be a single bid in which they would list all their sub-contractors but not designate the amount of the bid of each of the sub-contractors.

I want to refer back to Mr. Joyce's proposition. Mr. Joyce's proposition was that, in connection with the submission of the bonds, the four subs would submit a bond for their portion of the bid so as to make it feasible for the general contractor to have a bond to carry the whole job; that is, a supporting bond.

Getting back to the general contractors' offer, they also made expression of concurrence with another revision that was brought up at the meeting concerning which the associated contractors had not as yet come up with a general figure, and that was in the area where major alterations were required in existing schools and schools where functional parts of their system, such as heating, electricity, and so on, might become obsolescent and require replacement. In that particular regard, at one meeting Mrs. Page had suggested an amount of \$500,000. All the other attendants at the meeting did not concur in that, and an amount of \$100,000 was suggested by some of the participants. The New Jersey Society of Architects suggested an amount of \$75,000 and, to clarify this particular phase of the change in the bidding structure, it was felt that in alteration work and small expansion work in school buildings that were not new, where 75 per cent of the work was done by one contractor, the boards of education be allowed to issue one contract for the job if all the aggregate balance of the work to be done did not amount to 25 per cent. They felt that that would give a contractor, whether it be heating, plumbing, electrical work, or a general contractor for just building construction, a chance to expedite and get a lower price for the board of education for the work done and would assist the architects and everyone involved in this particular phase.

The general feeling with regard to that change in the bidding law was one of general concurrence. Mr. Di Stasio of our Commission helped considerably, with the wealth of experience that he had had, and the results of his discussion and the results of the general concurrence of opinion, with the exception of the general contractors, are excellently phrased in Mr. Di Stasio's statement that it is his considered opinion that the law should be amended to permit the owners, namely, the boards of education, to take bids either on the basis of one bid by a general contractor or, as by the present law, a combination of both, without any restrictions.

The general contractors did not want the five bids and the other contractors would only concur in a single bid in just the manner of operation where an alteration was involved, but not as a general practice.

The outstanding significance of all of these meetings was that these people genuinely tried to reach a solution of this problem. I believe that I can say that all the sub-contractors honestly felt that the letting of the bids of all the separate trades to the one who would give the lowest price, with the pre-qualification aspect being safe-guarded, would yield to boards of education the lowest price on the job and the most economical means.

MR. DONALD O'BRIEN: Excuse me, but that's on not the over-all job but on an expansion or re-modeling job that you are talking about?

MR. STEARNS: No, on the over-all job.

MR. O'BRIEN: On the over-all, too?

MR. STEARNS: Yes, sir. And the general contractors,

just as honestly and just as completely, felt that one bid would provide them with the opportunity to expedite the work and come out with a lower cost for the public in this manner.

The one basic expression that was evident, but not too eloquently made reference to, was the fact that the subs or the contractors other than the general contractors had as a basis of their protestation their concern about the proper method of payment for their work, and it is the feeling of the speaker that, were some method incorporated into the bidding law that would guarantee for them their proper share of the payment for the sub-contractors' specific work in ratio to the work completed, much of their protest would be eliminated, since, if a general contractor gets the job under a single competitive bid, his requisitions for payment are based on the stage of completion of the job. Unless the notices of intent or stop notice portions of the law are enforced, there would be no way to guarantee to the sub that his money was going to be forthcoming as quickly as the general contractor's money, and any change to be made or recommended in the bidding law so as to provide for all the bids taken by one contractor should, to satisfy everyone involved, contain such a safeguard.

Thank you very much.

SENATOR HILLERY: Thank you. Are there any questions?

MR. VICTOR N. RONFELDT: I was up at that meeting a couple of times and some of trades members said that something definitely had to be set up in the law in the event something like this went through, to protect the sub-contractors at the original bidding stage, and I think our general thought was that the general contractor in submitting his bid would state

his bid and list the names of each one of his sub-contractors and also state the amount for structural steel - state the amount for each of the individual contracts. Now that means, so far as the public knows and so far as the Board of Education knows, that the sum of money that is in that bid for heating and ventilating goes on the requisition as the total cost of the job, not the general contractor, after he is awarded the contract - and some of these fellows were wary of it - calling these subs in and then cutting it. I mean, some definite protection should be given to those men in their bidding.

Then, from there on in, as far as payments are concerned, there should be five requisitions each month. There should be a requisition for the general construction, a requisition for structural steel, and for the other trades. The average requisition for general construction, I would say, on a half million dollar job, there may be 40 or 50 items - which is a breakdown for that job, and the client and the architect should know by those requisitions and the cost of the job the various stages of the work as it is progressing. Now, that should go along with the plumbing and should go along with the heating; in other words, the heating and ventilating contractor does so much here, so much work there, all the way along the line.

Actually there is one big "kitty," or there is actually one big lump sum for this contract. But suppose the contractor went broke, the general, and he took his subs right along with him, and the whole thing goes to the bottom. The client should be in a position right at that time to say that he paid out so much on heating and ventilating, so much out on anything else. Now, no matter how it ends up, it goes to the bonding company,

and it carries right on from there as to that heating and ventilating contract. The bonding company pays him that sum. Now, the architect takes the position here and he ought to take the position - Suppose that after the general contractor has been paid his monthly requisition and, all of a sudden, the heating and ventilating contractor calls the architect up and says, "Was our requisition paid, or authorized to be paid?" "Well, we haven't received ours." Then the architect will immediately go to the general and say that it's our understanding that such and such a contractor has not been paid, and he will get his reason for it and give him within 48 hours to pay that man. He's to pay it - not that he pays off the slow job, but there are ways; I mean, there's a very simple way. The same thing with sub-contractors. It's the same thing as if there was just a plain general contract and a flooring man had put in \$2,000 worth of flooring, and if the architect hears that he hasn't been paid and the Board of Education has paid the general contractor, he can immediately go to the general contractor and say, "Well, now, we understand this particular contractor hasn't been paid," and he will give him 48 hours to pay, or otherwise he will notify the bonding company that he hasn't paid. That's a very simple thing.

But I think what some of these fellows have said is this: Where the general contractor is taking bids, he is shopping. Let's just take one trade, for example. For heating and ventilating, suppose he is taking his bids from five or six men. Well, it's getting so that they are waiting until the very last minute to submit their bids to the boss. The boss gets the figure and he will shop your bid against another man's bid. Now, that's just life. He does the same thing with the flooring contract; he does the same thing with the roofing contract; he does it

with everybody else. But there is where some of the trouble lies. They don't want to take their individuality away from it; they just want to make their own bid. Now, there is no way we can protect them. We can't protect those fellows in the original bidding. We can protect those fellows from the time the base bid is put in his proposal, right straight through the whole job. We can make sure that he can get his payments. We've got to receive at the completion of the work complete release of liens from the general contractor, and it has to be presented to the Board of Education for the attorney's approval. Now, as far as holding up payment is concerned, the requisition shows what has been paid out on any particular item, and the architect has a right - and most specifications have it stated that it is required - to demand a receipt at any stage of the game. Now, we could demand a receipt from five contractors, or four subs, each month, which is a very simple thing. It is a blanket receipt showing the man has received payment for his work, and that's that - to show he isn't using your money or my money to do something else.

I think at that first meeting there, that got to be a complicated thing. It was said that there would be five contracts, or five bids taken, and then for a small fee, additional fee, turn over the whole four contractors and put them under the general contractor - but you don't need an architect then. That's ridiculous. We haven't made use of the services of the general contractor in the original bidding. There's where the money is to be made. We are not looking to purely expediting a job; we are looking for a general contractor to buy that job. Do you follow me?

Of course, each one of these four sub prime contractors, if they are going in on their original bids, we are doing something that is defeating ourselves, because we have a general who is in Trenton, - we can very easily get an electrician from North Jersey to take this job, - a fellow entirely foreign from this particular general contractor. My thinking originally was that we would have better coordination on a job, for the simple reason that the general contractor would know his sub-contractors, and the sub-contractors would know the general contractor and would know how he worked and, knowing how he worked, they would know how they could cut corners and they could expedite their work so much better and the general contractor could expedite his work so much better because he knew them, and therefore they would make certain allowances in their bidding.

That's all I have to say.

SENATOR HILLERY: I wanted to ask you a question, Mr. Ronfeldt: I thought I heard you say, when you were discussing this problem - Is it a practice that, after a general contractor takes a contract and he has estimates of this sub-contract work, even after he takes the general contract, he calls in these sub-contractors and tries to beat them down in the original estimates that were to him for his general contract work?

MR. RONFELDT: Senator, that is the general practice in the building trades today. What happens is that these general contractors have to bid so low on these jobs in order to get them--

SENATOR HILLERY: You are talking about the general now?

MR. RONFELDT: I am talking about the general - well, I am not particularly talking about the general; I am talking

about all five trades. What they will do is - they will get prices from all of the subs, pertaining particularly to their field, whether it's plumbing, heating, or general. They will gamble; before they present their figures-- for example, a flooring company has given a price of \$5,000 to do a certain job-- an estimator and a general contractor will get together at the last minute before they submit their bid and say, "Well, I think we can buy that floor for \$4500." So they will take a chance on it and go right down the whole line - acoustical tile, and everything else. So they end up with a base bid and they are awarded the contract. Then the general contractor calls in all his subs, and they will sit out in the ante room. They have given him an original bid, and he will say to them, "If you want the job, this is what you have to take."

MR. O'BRIEN: In other words, in the case of the \$5,000 for flooring, they have agreed they could probably do it for \$4,500. Now, does that \$4,500 become the base bid, or does the base bid still stay at \$5,000, and then he later says, "Now, look, we can do it for \$4,500."

MR. RONFELDT: The base bid stays as presented to the Board of Education.

MR. O'BRIEN: At \$5,000, in other words.

MR. RONFELDT: Now, then, he has practically chopped his profits and everything down to maybe 5 per cent on his base bid. Now, where he makes his money: After he is awarded the contract, he calls his subs in and he takes it out of this man, and he takes it out of that man, and where you have 40 or 50 items, and you pick up a thousand here and five hundred there, all the way along the line, there's where the profit is.

SENATOR HILLERY: Let me ask you this then: In a case where a sub-contractor refused to cut his bid down, does he go out then and substitute somebody else for him if he feels he isn't going along with that setup?

MR. RONFELDT: Senator, the way a base bid is presented to a board of education - it is presented just as a base bid with the general contractor's name on it.

SENATOR HILLERY: With no sub-contractors?

MR. RONFELDT: There is no list of sub-contractors on it.

Now, the way it's set up - for example, the Ajax Flooring Company went in and submitted the lowest figure to this general contractor. So he probably was going to use this figure, but he thought he could do a little bit better with Ajax. Now, suppose he has gambled and said he was going to do that flooring for \$4,500. He calls in Ajax, after he is awarded the contract, and Ajax says, "Well, I can't meet the \$4,500. I can't do it." Then the general contractor will probably shop that flooring job around to try to hit \$4,500 to a sub-contractor who will meet the approval of the architect. Now, if he can't meet that \$4,500, he will still have to go back to his \$5,000 figure and pick it up some place else or it will be \$500 less on his profit. But that's the way they do it.

MR. O'BRIEN: In other words, the base bid in that case would be \$5,000 - the base bid made to the Board of Education.

MR. RONFELDT: No, the Board doesn't know anything about it.

MR. O'BRIEN: They just have an over-all figure; is that it?

MR. RONFELDT: The Board has an over-all figure. Let's say the job is \$500,000.

MR. O'BRIEN: The general would have submitted a bid on the basis of the flooring being \$5,000 in that case. I mean, in his own mind, he would be figuring \$5,000. in this \$500,000.

MR. RONFELDT: No. What I'm saying is this: Here are the mechanics on which the job is bid by a general contractor: He receives the plans and specifications from the architect; he submits a deposit to the architect for the plans and specifications. All right. Then he sends out a lot of cards, two-cent postal cards, to all the various trades; for example, for wood flooring, maple flooring, he will send it out to five or six flooring companies, and say, "We are figuring on this. Will you kindly submit to us an estimate for doing this work." Then there will be maybe two low bids, and he might call the two low men in and say, "Well, we're shooting for this job." That's exactly the language some of these fellows use. "Can you do any better for us?" Well, now, if the flooring company has worked with this contractor and has confidence in the contractor, they might take something off that figure. Then the contractor would know the flooring would cost in the neighborhood of \$5,000 - not that it would cost \$10,000 or \$2,000. So they get all this entire list, all the way down, parquetry and everything else for the entire job, put it on an adding machine and they come up with a figure, and it's the day the bids go in. They are shopping right to the last minute.

Now, if you look over the names of the general contractors who have figured on this job, and there is a general from New York City coming down here who has a big crew of men and he doesn't know what to do with them - he needs the job, and

this fellow figures in his mind, "Well, I'll bet you he's going to come in with a figure at such or such a price." Well, if this contractor needs this job that bad, he's going to say, "Well, we need it in order to keep our organization going; let's go through these figures again. I think we can do something with this fellow or with this fellow, and so on." Then he comes down to another figure. That's his bid. He hasn't talked to these men again. He has tried to talk to them but they won't talk to him. He comes up with a figure and then he puts on profit and overhead on top of that, and that's the bid that goes to the Board of Education.

All right. He goes to a bid opening that night and is awarded the contract. Now, the lowest figure he got on the flooring was \$5,000 by Ajax. Over here, he has \$4,500, so he has to try to pick up \$500. So he goes back to Ajax and says, "Here I am. I'm now the contractor. This is the figure I went in with. Can you help me out?" "Well, let's do this and do that. All right, I'll make a few concessions to you." But when he goes down the list, on some of them he won't pick up what he expected, but on some he may pick up more.

Then the next thing, he comes up with his job and there is the profit, 20 or 30 per cent profit. They call them hatchet men in some of these organizations. That's all they do, just buy a job, and that's where the contractor makes, plus good superintendents.

MR. VAN ZANT: You are so right, Mr. Ronfeldt. They cut down to the very limit, and then what happens on the jobs today. I work in construction today. I am a labor man, and when they get right down to cutting down to the bone, then what happens on the jobs: Then they start to cut materials,

workmanship, and everything else.

MR. RONFELDT: Now, I am explaining the mechanics of many of the trades in bidding a job and buying a job. Now, what I'm saying on this five-contract business - and this is the way it has been suggested; I've suggested it I know - when we take the bids on a one-contract deal, where the total job comes to \$500,000 ; that is, the base bid - in that \$500,000, there is so much general construction - the general construction is \$350,000 - structural steel and iron; the general, of course, is the base bidder so his name is up on the top. The structural steel and iron is Ajax Structural Steel and Miscellaneous Iron Company - \$12,500; the heating and ventilating is Brown Heating and Ventilating Company - \$40 or \$45,000; plumbing and electrical. When the Board reads that bid, the job is for \$500,000 - the names of each of those five sub prime contractors is on that bid, the amount of their bid is on there, and that contractor cannot go back to those four prime contractors and shop their bids. They are protected. Now, what he does under the table, we don't know anything about, but as far as the requisition is concerned, if they are on that job, we have structural steel, miscellaneous iron - the total cost of the structural steel should be \$12,500. Do you follow me?- not \$11,300. If it is \$11,300, it goes to the Board of Education, but nobody in their right mind will ever do a thing like that.

MR. O'BRIEN: Well, wouldn't the general contractor or whatever contractor is involved in the thing be asked to protect the school board, or wouldn't there be some provision in there for protection so far as quality, performance, and so forth, is concerned?

MR. RONFELDT: The architect. He has the specifications. I mean, he has plans to live up to, and the mechanicals have to look to the mechanical engineers.

MR. O'BRIEN: The question then that Mr. Van Zant brought up could not hurt the Board in any way, could it, if the architect were a reliable man?

MR. RONFELDT: Well, I think we were getting into shopping and stuff like that. That's what he referred to. I don't think that has anything to do with it.

MR. STEARNS: In line with what Mr. Ronfeldt has said, I would like to introduce into the record - read a letter from the New Jersey Society of Architects, from Mr. Eugene M. Dennis, which states their position eloquently in connection with the meetings that we have had:

"Dear Mr. Stearns:

"This is to advise you that the New Jersey Society of Architects at their regular meeting held May 8, 1958, passed the following resolution:

"Be it Resolved, That the New Jersey Society of Architects will endorse a bill that will provide for the receipt of single bids for work done by the boards of education, provided that the names of the principal sub-contractors and the amounts of their contracts with the general contractor be listed in the bid;

"Be It Resolved, That the New Jersey Society of Architects will endorse a bill that will provide for letting work out by a Board of Education for alteration or repair work on a single bid (with competitive bids) up to an amount of \$75,000, with 75 per cent or more of the work being done by the prime contractor and 25 per cent or less of the work being done by the other four principal trades or sub contractors of the one having the greatest portion of the work.

"The President of the New Jersey Society is delegated to represent the Society and will be pleased to follow this up at any future meetings you call when you so advise. We trust these resolutions will be of help to you in your present work.

(Signed) Eugene M. Dennis."

I would like to further state that at these meetings, there was representation not only of the New Jersey Society of Architects but the New Jersey Association of Plumbing Contractors, the Structural Steel and Ornamental Iron Association of New Jersey, and the New Jersey Chapter, National Electrical Contractors Association, and the Mechanical Contractors Association of New Jersey, and the Building Contractors' Association of New Jersey. They were represented by their own members, officers, and counsel.

SENATOR HILLERY: Mr. Stearns, do I take it that the result of your deliberations with the building contractors is that they are agreeable to entertain the idea of a one contract bid if the sub-contractors are listed and the amounts are listed in the bid? Are they agreeable to that?

MR. STEARNS: The General Contractors Association were agreeable to a single bid with the contractors' names, but they were not agreeable to having the amounts of the bids indicated.

SENATOR HILLERY: Can you give us a reason for that?

MR. STEARNS: I think that the reason was probably adequately expressed by Mr. Ronfeldt. The expression given at the meeting was that some of these subs bid for other contractors and they didn't want an expression of where one heating man might know that his ability to coordinate with the general contractor, for whom he has done work for several years, might permit him to eliminate a certain fund for contingencies or delays, that he had implemented his figure and he could have eliminated that, and therefore they claim they didn't want to prejudice the subs. The sub-contractors on the other

hand, all along felt that they were alert to the fact that there is the area of human compatability and they felt the interests of the boards of education were so great that that area should not be considered, and that was the prime difference between the two.

We find that the architects and the general contractors were of the mind, with only this minor difference, of having the single bid.

SENATOR HILLERY: Well, Mr. Stearns, I don't understand this, because the notion that I had was that the sub-contractors were to be listed and that the amounts of their sub-contracts be listed in order to protect them against the general contractor in the event he starts shopping with them.

MR. STEARNS: That's right.

MR. RONFELDT: I think that they might be pacified if, in the bid reading, only base bids would be read aloud by the boards of education. Now, it has been my experience in reading bids that either the secretary of the board of education or the architect, or a representative of the architect, reads these bids and those proposals, and an attorney sits right alongside of whoever reads them, and the proposals are only the property of the board of education, but there are no other members of the board of education who read these bids other than the secretary or the president of the board and the attorney and the architect.

I can see, and it just shows you, that there is value to this law. The Ajax Heating and Ventilating Company will give John Jones Building Construction, knowing them, and knowing the type of organization they have, a favorable bid.

The John Brown Construction Company will receive from Ajax a bid possibly slightly higher, because they think their working conditions are going to be such that it will cost them more money to operate. What they don't want is for John Brown to know that they have given the Smith Construction Company, for example, \$2,000 off on their bid or a slightly less figure.

Now, I know there is a certain amount of human nature involved, and I know that when you read you have probably 20 proposals and you start reading them. There is nobody looking at what the Ajax figure is here and that over here there is another amount bid to another man. It might be that the architect would look to it, but as far as the contractors sitting in the room are concerned, the only bid that is read is the base bid. The reason for these prime bids is for the protection of the board of education and the protection of the sub prime contractors so that the board knows that this is how much the heating is going to cost, etc. They will know how much each of these items will cost.

MR. VAN ZANT: When bids are received by a Board of Education, isn't it mandatory that they award it to the lowest bidder so long as they comply with the specifications?

MR. DiSTASIO: Not usually.

MR. VAN SANT: Providing they live up to the specifications?

MR. DiSTASIO: No. They can take any one they want.

MR. VAN ZANT: I am a Member of the Trenton Board of Education and I know on the Trenton Board of Education they have four Attorneys who sit on the Board of Education, and I know that any time bids have come up the lowest bidder that lives up to the specifications is entitled to that job, and they so get it.

MR. DiSTASIO: Usually, but it is not mandatory.

MR. VAN ZANT: It's not mandatory?

MR. DiSTASIO: No.

MR. VAN ZANT: Are you sure about that? I believe it is because --

MR. DiSTASIO: They have the right to reject all bids.

MR. VAN ZANT: If they live up to the specifications?

MR. DiSTASIO: They have the right --

MR. VAN ZANT: Not according to Mr. Casey and other members of the Trenton School Board.

MR. RONFELDT: In the specification it states that the Board of Education has the right to reject any or all bids. They say that. Now in most specifications that go out with bids there is an application giving a financial statement that the contractor has to fill out - a financial statement, whether he has ever gone

bankrupt - it's a questionnaire more or less, all the way straight through, to give a background as to the type of work he has done, references that he might give. Now supposing the low contractor there is of a dubious character and the Board sits there -- here we are with a low man and the State says that the lowest possible bidder is awarded the contract. They have a right to go through that questionnaire and if they find something about his financial statement that is not correct or that he hasn't truthfully -- that's supposed to be notarized -- they have to be very, very careful but they have the right to reject his bid. Another case where they could reject his bid - suppose he has done work for them before. They have no right to not allow that man to bid that job because it's a public job, but they can call him in and make it pretty hot for him in a discussion. They are holding a certified check of his in the amount of a percentage of his bid and they can ask him in a gentlemanly way to withdraw his bid or if they don't want to be gentlemanly about it they can just throw his bid right out because they have already had experience with him and they can go to court tomorrow and cite why they didn't want him. But just to willy-nilly - excuse this phrase - say we don't want this contractor to do this job or that contractor to do this job puts the Board in a very, very bad position because they are ready for a libel suit.

The way I was stating it before - the protection of these five contractors - and it's not public, what their bid is, the heating and ventilating, the plumbing, the electrical, construction steel - it's not public. We're interested in one base figure.

MR. VAN ZANT: That one base figure -- I think that not too long ago in the City of Trenton when they let out school bids there

was a delegation there that night when the bids were opened and it was read off who had the general contract, who had the sub-contracts.

SENATOR HILLERY: That was a general?

MR. VAN ZANT: General. That's the way they did it at the Trenton School Board.

MR. Di STASIO: Well, that's five bids.

MR. VAN ZANT: That's right and they know the prices --

MR. RONFELDT: Well, that's all right. That's the way we have to do it today.

SENATOR HILLERY: That's the law.

MR. RONFELDT: It's in the newspapers that way.

MR. VAN ZANT: That's right. Well, Mr. Chairman and Members of the Commission, I don't want to prolong this meeting --

SENATOR HILLERY: That's all right.

MR. VAN ZANT: -- but I would like to state my position on this Commission. It's not because I seek this job. I was requested to serve on this Commission by the New Jersey State Building Trades. Sal Matto, the President, asked me to serve and I was only too glad to serve.

I assumed that I was going to be of some assistance to the New Jersey Educational Building Code. If I had any idea that this thing was going to be the subject of discussion, I would not have acted as a member of the Commission. I attended the first Commission meeting and I was appointed on the sub-committee, as you folks know, along with Senator Ridolfi and Mr. Morrison and we discussed this particular issue and we thought at that time that this issue should not come before the Commission because it wasn't the proper place and we so noted, but at the last meeting

it was decided it was. But what I am particularly interested in is, as a labor man I strictly want to go on record and I want it noted that I am opposed to any change in the law because I believe it's the best law, I don't believe there could be any saving in it, and it gives everybody an ample opportunity to bid fairly and squarely. I don't know that it would benefit anybody and if I thought so I would so recommend. As I say I am not the man who should represent the New Jersey Building Trades because there are men better qualified to do this than myself. But I know that Louis P. Marciante is opposed to any change in the law, the State Federation of Labor, and I know that the Building Trade Department is. And as far as I am concerned, I want to go on record as opposing any change in the law. That's all, gentlemen.

SENATOR HILLERY: Well, Mr. VanZant, as you know this was a question that was open for discussion here as to whether or not the Commission should consider the building code law. I have discussed this with Senator Ridolfi and he said that he was particularly of the mind that you are but since the majority of the members of the Commission decided it should be a topic of discussion he was going along with it because the majority ruled. You are well aware of the fact that the present law has been in existence for some 43 years, I believe--

MR. VAN ZANT: That's right.

SENATOR HILLERY: The bidding law. And you are well aware of the fact that the Legislature now, because of the cost of schools in New Jersey, is being pressured to try to find ways and means of saving the taxpayers this extra burden.

MR. VAN ZANT: That's right.

SENATOR HILLERY: And there have been bills introduced in the Legislature providing that a Board of Education should exercise

a preference - whether they should have one contractor or five contractors. And the New Jersey State Board of Education, the Federated Boards have gone on record that they are favor of a preference for Boards of Education. So that at this point I don't think it is a question of whether or not we should just say we like the law and we are going to do everything we can to keep it the way it is. We have to have an open mind.

MR. VAN ZANT: That's right. I agree with that.

SENATOR HILLERY: No matter what we do here, whatever recommendations we make, this matter will constantly come before the Legislature because of the tax burden today on real estate for schools in the communities. The pressure is on and we have to live with it.

MR. VAN ZANT: Well, that's what I want to point out. It seems to me that the attendance here today - Mr. Morrison is not here, the Senator is not here, Mr. Simkin is not here, and Dr. Slugaski is not here - it seems that they have lost interest in this matter.

SENATOR HILLERY: I have a letter from DR. Slugaski and he said he was very sorry that he couldn't be here. I didn't hear from the other members. But, as you know, Mr. Simkin carried on quite a volume of correspondence --

MR. VAN ZANT: Yes, I do. I think we all received communications.

SENATOR HILLERY: -- after the majority of this Commission decided that it would consider the studying of the contract law. And I want to publicly thank Don O'Brien because he came to my rescue on some of the accusations that were made in this correspondence that, to my mind, were very much uncalled for. Besides

that, Mr. Simkin had some recommendations that he made in his correspondence that I would like to bring up here today before we close our deliberations. I would also like to get from the Commission their idea as to what pattern we should follow in the future and where our study should lead us. That's one of the questions I want to bring up here this morning.

Did you have some question on this, Mr. DiStasio?

MR. DISTASIO: Well, the only thing I want to express is that the recommendations that Mr. Stearns made are certain expressions from various organizations. I want to make sure that it does not express the recommendation of your sub-committee, of which I am a member.

I have written you a letter giving you my expression and my understandings. My understanding, when we voted to go into this matter, was that we were to ascertain whether the single bidding option would lead to cheaper construction. My opinion, from attending all these meetings, is that if you start putting a lot of restrictions on the general contractor, that he has to list his subs and the amounts -- the New Jersey State Architects Society sets prequalifications and I think every time you put a restriction on the bidding up goes the cost of school work. Mr. Ronfeldt has given you the information on how bids are made up. To go a little further, if this general contractor gets a bid of \$5,000, we'll say, for his flooring and he puts in \$4500 that \$500 goes to the public because he's bidding cheaper.

We have a very complex situation. If we are going into this labor situation and the evils of the general contractor and the sub-contractor, they are both equally unfair to each other in my opinion, we are just going to increase the cost of school work.

I, therefore, wrote you a letter saying that I would like to see optional bidding, either on a single bid or five sub-bids, as they do today, without any restrictions. Competition will prove which is cheaper then, but if you start putting a lot of restrictions and contingencies, you are going to stifle the competition of the sub-contractors.- they are not all angels, you know. The subs are not all angels and neither are the general contractors - and you will increase the cost of school work.

So, I think my letter of April 29th, that I wrote to you, should be put in the record to give you my opinion because my understanding of the formation of this commission was to try to see if we could bring the cost of school work down. And if we start getting into labor relations and putting all kinds of restrictions, pre-qualifications, etc., up goes the cost of school work.

Now I could go on and on and tell you a lot of evils of this but I don't think that is the purpose of this Committee. I have expressed my opinion and I would like to offer my letter as my personal opinion.

SENATOR HILLERY: Do you have a copy of that letter with you, Mr. DiStasio?

MR. DiSTASIO: Yes, and I think Mr. Stearns has it and I sent one to you.

MR. RONFELDT: Joe, I would like to get a copy of that letter. I agree with you.

MR. DiSTASIO: Well, you can read the letter.

SENATOR HILLERY: May I read the letter?

MR. DiSTASIO: Yes.

SENATOR HILLERY: It is addressed to me, dated April 29th:

"As you know, the sub-committee appointed by you to study the question of bids for school work, of which I am a member, has had many meetings with both the general contractors and sub-contractors for structural steel, electrical work, plumbing and heating, etc. The subject has been very thoroughly discussed with an open mind by all concerned and I believe that everyone is trying to reach the best possible solution for the benefit of the public. However, it is my personal feeling and understanding that the ultimate goal of your Committee is to try to find some solution to reduce the cost of school work in New Jersey.

"For years I have given this matter much thought and have had considerable experience both with the advantages and the evils of the present law requiring individual bidding. Bearing in mind the fact that the purpose of the Committee is to try to find means of reducing the cost of schools to the public, it is my considered opinion that the law should be amended to permit the owner to take bids either on the basis of one bid by a general contractor or as per the present law or a combination of both without restrictions.

"In my opinion, if the law is amended it could lead to cheaper school construction. In any event, it could not increase the cost of school construction. I believe the public is entitled to unrestricted competitive bidding.

"Respectfully yours, J. DiStasio, Sr."

MR. DiSTASIO: I mean by that, that is the purpose, as I understand, of the Committee. We are not going into labor relations because that is a century old problem with merits on both sides.

MR. VAN ZANT: That's right.

MR. RONFELDT: What I gathered from these meetings up in Newark and from the labor organizations that were here in this room, all they stated was that it costs more money if you take single contracts. Now, we haven't tried. It's just somebody's statement. A series of groups are saying to us that the cheapest way to build is to have 5 contracts. We don't know for sure so what harm is there from the public's standpoint, who is paying for these schools? Let us take bids both ways. If it shows that the five contract way to bid is the cheapest, there's no question about it the public is going to go back to it. But let's not have one group or another

group just say "This is the cheapest thing" or "That's the most expensive thing." How do we know?

MR. DiSTASIO: That's exactly what I mean.

MR. O'BRIEN: Well I certainly, Mr. Chairman, concur with Mr. Ronfeldt and Mr. DiStasio. And I want to assure Mr. VanZant that my mind is open even up to this point but I, for the life of me, have not heard any argument other than the general statement that Victor here referred to - "Well, it's cheaper under the five contract." That's the nub of the whole problem. Is it cheaper? They don't know, in my opinion, because if they are so confident as they have stated time and time again that they do work better and for a lower price then what, I ask, have they to fear, because they must then be saying that they do not believe in the integrity of the individual boards of education. Those men, in my opinion, are reasonable men. They are anxious to save their communities money. So, if these people are so confident that they can do the work well, perform within the specifications adequately and do it as reasonably as the general, what have they to fear. The only way, in my opinion, especially when you consider that this has been on the books for 43 years, is to give it a try. Now, what are the minimum requirements which will get us an agreement from the trade to try this thing? I think that's the first thing that we have to solve right here.

SENATOR HILLERY: That's right.

MR. VAN ZANT: I think that would be very sensible.

MR. O'BRIEN: But they haven't stated it, though. I mean --

MR. DiSTASIO: Minimum requirements up the price every time.

MR. O'BRIEN: Oh, I don't know whether that is necessarily

so.

MR. DiSTASIO: Well, it is so. Mr. Ronfeldt has brought it up. He hasn't told you some of the evils of the sub-contractors too. You know the general contractors are trying to give you a cheap job, not because they want to, it's because competition forces them to do it. So they start putting in a bid which is less than their subs. See? Now, the sub-contractors, in my experience, don't always give you the lowest bid. In other words, as I brought up at our first meeting, they'll bid \$10,000 to you, \$10,000 to you, but to their favorite they'll say they'll send them a bill for \$10,000 and they say "cut a thousand". So the contractor puts him down for \$9,000. But the public gets that \$1,000 and the function of this Commission is for the public. Now, we either have to work for the sub-contractors and the general contractors or the public. You have to make up your mind who you are working for.

My understanding is that we are looking out for the public.

MR. O'BRIEN: Well, I think we are in agreement on that.

MR. VAN ZANT: That's true.

MR. O'BRIEN: I think I expressed my feelings.

MR. DiSTASIO: There is, I think, only one thing that should be done and Mr. Ronfeldt brought that out - that is to protect the payments.

(Discussion off the record)

SENATOR HILLERY: Well, Mr. DiStasio, from my own experience in political life and going around to meetings and talking about school problems and taxes, and all of those things, people come up to me and they say "How is it that some of the church people can build a school and get their job done and the public schools cost twice as much or one-half as much again? How do they do it?" That's the way the problem has been presented

to me. Then they go back and they get the idea that it's a one contract shop. Now how true that is, I don't know. But these people are conscious of all these problems and they are asking a lot of questions and that's one of the reasons why we are sitting here this morning to try to help them.

MR. DISTASIO: Well, I think it's as Mr. O'Brien said. If these single bid fellows say it's cheaper why are they afraid of competition then?

MR. O'BRIEN: Which brings us back to the point - why, if we agree that it seems fair to have it permissive or the preference, as the Senator said, - why are they opposed to it? Why not give it a test? I feel, as Mr. Ronfeldt has pointed out, that the only way you can prove this thing is through experience.

MR. STEARNS: I might say, Mr. Chairman, that the proposition of Mr. Joyce was a step toward the direction of having a single contractor do it. It was couched in the protective phrase of having the lowest of each sub-contract given to the general contractor and from that time the general contractor would operate the thing. However, the importance of this whole situation is that as a Commission it is my personal feeling that our recommendation should be that bids should be offered in a permissive manner, in other words having the boards of education have a choice between a five or a one, or doing them both and taking whichever comes out lower.

I do feel, however, that we have a definite responsibility, along with our recommendations, in making some reference as to pre-qualification. It was brought out indirectly by Mr. VanZant. The law is fairly clear. Mr. Ronfeldt brought out the proposition that they could reject a bid. Well actually, a careful examination

of the law shows that only in the most flagrant case, where the board is convinced that the lowest bidder is an adventurer or actually insolvent, or someone who has no adequate experience in the field, will the board reject a bid and brace itself against the possibility of legal proceedings by the rejected bidder, because actually on the municipal level pre-qualification is permissive and the only time, I believe in my own mind, that they can legally prevent a man from bidding is by not allowing him to have the bid, because in the law it says, in Title 40:50-5 - it gives awarding authorities the right to require from any person proposing to bid on public work a statement showing his financial ability and experience in performing public work before furnishing him with the plans and specifications therefor. And if not satisfied with the sufficiency of the statement, they may refuse to furnish plans and specifications to him. The statute provides that they can ask him questions and get answers and that the board, after having refused him the plans, can be free of liability in that connection because of their opinion. But once the man --

MR. O'BRIEN: That's before the bid, however, goes out.

MR. STEARNS: You see when the bids are opened and tabulated, the lowest bidder has, in effect, a legal position which gives him a prior interest in that job if the job goes forward. So I feel that, while our recommendation should be consistent with what Mr. DiStasio and Mr. Ronfeldt stated - I think it's incumbent on us to say something about the general situation of pre-qualifications of contractors in that there have been considerable jobs stopped when sub-contractors failed and some general contractors.

There is another very important aspect of this. When you

have large installations and when you have general bids you can almost condition the situation for an atmosphere where cartels could emerge from. One of the statements made in the hearings was based on a representation that most of the biggest general contractors in the state, who are reliable, do not bid on school work, who could have done probably the best jobs and who have the best organizations, just because of the fact that under the individual - that is the separate bid law, they would be forced to have subs with them that they wouldn't keep on the job or have on anyone of their jobs.

Now, the pre-qualification of bidders might in effect help the labor aspect of it and soften their opposition to it for the simple reason that a bidder, in order to be pre-qualified to be substantial enough from experience and otherwise, would necessarily have been somebody with whom they had had experience.

MR. RONFELDT: Mr. Stearns, how do you mean? Let's start with - what are the requirements for pre-qualification? What is the definition of this pre-qualification? How are they going to set it up?

MR. STEARNS: The pre-qualification is had on the state level right now.

MR. RONFELDT: Well, in other words ---

MR. DiSTASIO: Why change it?

MR. STEARNS: No, it isn't a case of changing it. What they want to do is make the services available to the municipal body. Right now it's only available on the state level - I mean, it's only used on the state level. I recommend that the municipal bodies use that and, if anything, after consultation with them make it so that their service is a little more adaptable for local use.

MR. RONFELDT: I just wonder whether that's a good idea. The simple reason is, unless you're on that list you can't bid. Correct?

MR. DiSTASIO: I think you will increase your school cost again.

MR. RONFELDT: In other words, there's where you have an opportunity for collusion. There may be 50 contractors on that list and you send out cards to 50 contractors. Well I think, from our experience in some localities, 4 or 5 contractors would get together and say, "All right, this is your job." I don't believe we should have any restrictions whatsoever. Now there are other ways. An architect or an engineer can guide that bidding. The way the plans are given out. Now the thing is this, on a public job anybody who has had the experience can do that work. Now, we do it with our questionnaire and specifications. With the bid, that questionnaire has to be filled out.

MR. DiSTASIO: Well, the architect usually sets --

MR. RONFELDT: Well, you take the architects. We are on a qualified list of the State. Well, it's a very select list. It's either that the architect is a pretty good politician and gets his name on that list, or he's got a good leg-man who gets around. That has nothing to do with the ability of that architect.

Our prime interest is, as one of the facets of this organization - we've picked on this as one item. We should make it as unrestricted as we possibly can. Our main object is to build these schools as reasonably as we possibly can.

Now, Mr. Chairman, you said that you appear before these various groups and all of a sudden they say to you that they just can't understand why this school costs so much and this parochial

school costs so little. There are no requirements by the State Department on that parochial school - ventilation, everything all the way straight through, your lighting and everything else.

MR. VAN ZANT: Cafeteria and auditorium.

MR. RONFELDT: They don't have to abide by the State Code. So, therefore, there's no question about it, instead of having 40 foot candles on little girls' desks they might have 30 foot candles.- wardrobes, ventilation, everything - well, the size of the classrooms, for example, the square foot requirements we have in the State code. There are many, many things there so that we can't compare the two schools.

MR. O'BRIEN: So the saving there would not be with reference to whether it's a separate or multiple bid, it would be more because of the code - they don't have to follow the code.

MR. RONFELDT: They don't have to follow the code.

MR. O'BRIEN: But that is used as an argument, you see, a lot of times.

SENATOR HILLERY: I might read some paragraphs - you probably have a copy of this letter which is germane to our discussion. This is Mr. Simkin's letter dated March 21st. You will be interested in this, Mr. Ronfeldt.

"Instead of architects designing beautiful sprawling buildings that look like tremendous ranch houses and country clubs, schools should be built condensed, two three and four stories high, and a 10% saving will be the result in all the trades. Let the architects cut out all the frills and design simple compact schools for comfort, not beauty, although there is beauty in simplicity.

"With reference to the mechanical trades, I can offer as a concrete suggestion that unit ventilators be eliminated in the classrooms. These cost approximately \$800 a classroom. Expensive temperature control systems can be eliminated entirely and zone control valves installed in the boiler room shutting off heating systems

in various zones as required.

"The problem of ventilating the classroom to meet the State Board of Education requirements should be very carefully gone into with some prominent consulting engineers who have served on the original commission in 1955."

MR. RONFELDT: I agree with Mr. Simkin on those unit ventilators. There is a terrific amount of servicing required. But the schools, I mean the designing of them, - all we're doing is building these schools out of cinder blocks today in many cases, but it's in the mechanical trades where the money is.

SENATOR HILLERY: Do you want to comment further on this?

MR. STEARNS: Yes, I will. Well, as far as the parochial schools are concerned, there are 22 items, major items, in which there are no regulations. It's an important thing and I have taken the time to visit a great many of them.

The one outstanding difference between a parochial school installation and a public school installation is the fact that it's evidently the practice with the parochial schools to build the school for a budget while with the public school the practice is to build the public schools for the space and educational concept of the building and arrive at the price afterward. In other words, if a parochial school district has a budget of \$350,000 for the building in which to educate the pupils in a given area, the pupils might be educated with 40 in grade school and 35 pupils to the room in high school. While in the public school in the area they would have a maximum of 25 to 30 per room. Therefore, the size of the building would change. Then the other requirements follow.

The municipal boards that scream the loudest for economy by the very standards that they put in, the music rooms and separate art rooms, build themselves a larger increase.

To get back to the primary basis of the report, it's my feeling, Mr. Chairman, that the expression of the people that we had should be finalized with the recommendation of those people who are here. And in that connection I would make a motion that, as outlined in Mr. DiStasio's letter, the recommendations of this Commission be, when it's time for us to make our formal report, that the bidding be so permissive as to permit the issuance of a single competitive bid for the entire construction or five separate bids, as the individual board of education may choose.

And, with relation to alterations and additions or repairs to buildings that where 75% or more of the work is done by any one contractor that those bids not in excess of \$100,000 be awarded to a contractor, and wherein 25% of the work in aggregate is done by others that the one contractor be given the bid for the job to be done.

SENATOR HILLERY: Is there any discussion on that motion?

MR. RONFELDT: Mr. Stearns, aren't you just sort of defeating what you first said? For the first proposal you wanted to have -- you stated unrestricted. Now, if we say unrestricted, it gives the board of education the option, whichever they want to do, to either take one bid or five bids.

MR. DiSTASIO: Or give it to anyone you want.

MR. RONFELDT: Why not leave it like that?

MR. STEARNS: Well, the only reason for my making that addition to the motion was in the event that our recommendations are not accepted in toto that we have at least that improvement so as to facilitate what I believe will be required by 70% of the municipalities in the State. My reason for inserting that and wanting that particular provision is that in my own cursory

appraisal of the condition of the schools in the State there were at least 70% of the municipalities of the State that had school buildings that were over 20 years old, and that right now, at this particular point, in the ensuing decade we would be finding those schools to have the requirements that this suggestion or resolution would cover because in the era before 1940 there was some construction of schools - the largest, to my recollection, amount of school construction happened before the '30s, that is before the bank holiday period, and then there were some others constructed around '35. During the war years there was little or no construction and it wasn't again until the '50s that construction really started. So we find ourselves with virtually a 20 year period when school construction was not in its prime.

MR. RONFELDT: Well, even though it is the American Institute of Architects that has written that, I don't think we should put in a percentage, 75% and 25%.

MR. DiSTASIO: Why don't you use the word "may" instead of "shall"?

MR. RONFELDT: But I sort of feel - why should we put ourselves in a position to take second best, right now. Why shouldn't we state our position that we are doing this solely for the public. The only question that arises is - is it cheaper to build the 5 contract way or is it cheaper to build the one contract way. We don't know. People tell us that the cheapest is the five contract way. Let's leave it wide open for a board of education to decide.

MR. STEARNS: Well there's only one thing, Mr. Ronfeldt, this particular aspect of the bidding law has no direct large significance or comparison to that since in this particular case, because of the very percentages we are talking about -- well, to

illustrate this, if the alteration job is substantially a heating job and out of a \$95,000 job there is \$85,000 in heating equipment, heating installation, and if the balance of \$10,000 is divided between four, five or six trades it would indeed be costly and it would again bring up the unsatisfactory portions of the 5 bid law to force on the man who is doing just a heating alteration job a plasterer that he couldn't get along with and wouldn't like the rest of his life just because that fellow came up with a little cheaper job. And maybe they won't work it out together.

MR. RONFELDT: But, Mr. Stearns, I am saying with this option of either using the five bid or the single contract -- I have a case like this right here in Bradley Beach, a \$14,000 alteration job on some boys' toilets in the school. There's about \$85.00 worth of steel in there, about \$300 worth of electrical work, about \$8,000 worth of plumbing, and there are a few petitions to put up and some tiling. Now, if it was written right in the law that the Board of Education had the right to take a one bid on this job or let it out in five contracts, any board of education in their right mind is not going to say "Well, let's take four bids here and one bid here" for a \$14,000 job. Immediately they say, "All right, we'll take the one contract job right here and we'll let it out. We will get five or six contractors to bid this job. We've got to get in this school by next September. The children will leave here the 20th of June and one thing we have to have is those boys' toilets."

I don't think there ought to be any restrictions. Either we do like Mr. DiStasio has suggested there or don't do anything at all.

MR. DISTASIO: May I say this, Mr. Stearns, in this letter I give you that option. I say here - permit the owner to take bids either on the basis of one bid by a general contractor or as per the present law or a combination of both. We've got that in that combination. The board may decide to take the bids and let the plumber do the other.

MR. O'BRIEN: Well, what prompted this 75% figure in the first place in your meetings?

MR. STEARNS: Actually the amount that came out was 80% and 20%, but the architects said 75% and I go along with that. They said \$75,000 and I believe that \$100,000 is nearer, in fact \$150,000 is what the criterion should be.

MR. RONFELDT: It's sort of easing your way into the thing.

MR. STEARNS: Well, the only reason why I feel keen on that subject -- incidentally, I would appreciate it if in the record wherever I have used the words "single bid" you would insert the word "competitive", making it "single competitive bid" so that there is no misunderstanding.

SENATOR HILLERY: Well, Mr. Stearns, are you willing to revise your motion to Mr. DiStasio's "or a combination of both"?

MR. STEARNS: I am willing to but reluctant to because --

MR. RONFELDT: I know what you are up against.

MR. STEARNS: My experience is that if the expression of Mr. VanZant and the expressions of some of the other people is as substantial as it has been made, I felt that some measure of our recommendations should be adoptable. However, I will retract it.

SENATOR HILLERY: All right. So you will rephrase your motion.

MR. STEARNS: I will rephrase the motion to say that it shall be the option of the board of education to advertise for either a single competitive bid or five separate bids or a combination of both without any restrictions.

SENATOR HILLERY: You have all heard the motion. Is there a second?

MR. O'BRIEN: Just one question. Then there would be nothing brought in about this 75% in the matter of a smaller amount? In other words, an alteration wouldn't be a special problem here at all and this would apply generally for everything. Is that right?

MR. STEARNS: That's right.

MR. RONFELDT: I'd like to second that motion.

SENATOR HILLERY: It has been moved and seconded --

MR. VAN ZANT: On the question, as I said before, I don't favor a change in the law and I want to go on record as such. That's all I have to say.

SENATOR HILLERY: All those in favor of the motion please signify by saying "aye". Opposed "No".

(The motion was carried - Mr. VanZant voting in the negative)

SENATOR HILLERY: I might say that there are two members of this Commission, Dr. Morrison and Dr. Raubinger, who expressed their opinions at a previous meeting that they were neutral on this subject - that the school people and the State Board people were neutral - so they probably wouldn't vote on this measure.

Now, I note that it is 12:30 and we have had a good morning's deliberation and I want to thank Mr. Stearns as Chairman of the Sub-Committee for the excellent work that he did and for all the time consumed. I know it has been a painstaking job. And I want to thank Mr. Paul Brienza too because I am sure

that he cooperated in this to a great extent. It was at the direction of the Governor that he did this.

Now, what course do you want to follow in the further deliberations by this Commission? Do you think that we should take our school building and construction guide and go through it? Is that the feeling of the Commission or do you have other recommendations?

MR. RONFELDT: I think we ought to get a full appreciation of the mechanical equipment that goes into the schools and, if it would be necessary, get engineers in here to explain or give ideas where we could cut the cost in some of these mechanical trades.

It has been our experience in the past few years that there is where the cost of schools has gone up.

Now another phase, I think we ought to check on the square foot areas required in the classrooms in these schools and see if we can't compare these with what other states are doing.

SENATOR HILLERY: Well, pardon me for interrupting you but on that basis or on that question rather, in the school planning construction guide, as I recall studying it, there is a new theory in education - previously children were asked to remain at desks that were assigned to them and now the classroom spaces are larger because they have tables around the room and the children are permitted to move around as they please, a free flow of conversation and that sort of thing. It has evidently been one of the theories of educating the children that has brought about the larger classrooms.

MR. RONFELDT: This is what has caused the increase in cost of schools - it is either in square foot cost or the materials, and it is the type of education that the State Department

has set up here that has increased the size of the rooms. So we can't compare public schools with parochial schools or any other schools that are being built that are not under state supervision. And the State has fixed standards for educating these children, which they would like to do. I think our educational standards are getting higher and higher which is a good thing for the children but I think if we could work on the mechanical phases -- I know of one thing that Mr. Simkin mentioned there and I think I mentioned it - the unit ventilators. We put unit ventilators in schools five years ago and today they are not operating. The simple reason is that the janitorial service in some of these schools - they are too busy taking care of the floors instead of oiling the motors. And years ago I guess a good many of us went to school and the teacher used to say "Well, everybody stand up" and they opened up the windows and it was "inhale" and "exhale".

SENATOR HILLERY: That's right. I went through that period.

MR. RONFELDT: Well, I don't know what happened to that day but, as I say, in a 10 classroom building there is \$8,000 or \$9,000 in unit ventilators.

SENATOR HILLERY: Well, Mr. Ronfeldt, as I recall the argument there is that with the lowering of the ceiling height to save cost in construction it was necessary to have ventilators in these low-ceiling rooms. That's the arguments that's used by educators..

MR. RONFELDT: No. That has nothing whatsoever to do with it.

MR. DiSTASIO: It's only 6 inches.

MR. RONFELDT: No, it was 10'6 and now it's 9'6, that's 1 foot.

SENATOR HILLERY: Well, getting back to the recommendations, who could we bring in here to talk to us about the mechanical equipment that goes into schools, to give us an ideas as to saving costs on it?

MR. DiSTASIO: Well, I think Mr. Ronfeldt is a qualified mechanical engineer, plus, so let him get some contractors on equipment because I think they know more about it than anybody else.

SENATOR HILLERY: Well, are there any recommendations? Do you have a recommendation?

MR. DiSTASIO: You mean now.

SENATOR HILLERY: Yes. We have to plan our meetings, you see, and have people here. It would be useless for us to come here and sit.

MR. RONFELDT: Well, I think in the State of New Jersey Runyon and Carey is one of the larger firms. Morris and Zimmer are very,very versed on this and I think the approach to be made to them is that we are here trying to reduce the cost of these schools but not impair them and then ask these gentlemen if they have any suggestions.

MR. DiSTASIO: There are a lot of them.

MR. VAN ZANT: Why not have some ventilating engineers come in too.

MR. RONFELDT: That's what these gentlemen are.

MR. DiSTASIO: They are plumbing, electrical, mechanical, everything.

SENATOR HILLERY: Morris & Zimmer are where?

MR. RONFELDT: They're in Union.

MR. DiSTASIO: Runyon & Carey is in Newark.

MR. RONFELDT: Vogelbach - where are they, in Newark?

MR. DiSTASIO: I think so. Senator, why can't we talk it over and submit the names?

SENATOR HILLERY: The thing I want to be sure of is that when we meet again that we will have men here to talk to us. That is my point.

MR. RONFELDT: If we could get a top-notch firm in New Jersey --

SENATOR HILLERY: Would you take that responsibility and notify me when you get somebody and then I can call them in.

MR. DiSTASIO: Well, Runyon & Carey are top-notch people.

MR. RONFELDT: They are a highly respected firm in the State.

MR. O'BRIEN: Mr. Chairman, I wonder if it would be proper for us to state why we have come to this decision. In other words, not in specifics but in general. I know that this is a very ticklish subject between the trades people and the contractors as has been evidenced by the several meetings and the intensity of the arguments. The only thing I believe or I know that motivates me in this is a desire to reduce the cost, and with the complexities involved it seems to me that - assuming the integrity of the school boards and all concerned - the only way that we can prove this thing once and for all is through experience. That, in my opinion, sums the thing up in my own mind.

Now, I know there are going to be some brickbats in this thing and I was wondering, because of the ticklishness of the particular subject, whether it might not be well for us to have a general idea, at least, as to what our thinking has been on it because I would like to re-emphasize that of all the things I have heard, the arguments, it all comes down to this general statement on behalf of the tradespeople - "Well, we know we can

do it for less money and do a good job." This leads me again to the question of why are they against having this permissive feature. So it must come down to just - Well, we believe, in view of their arguments, in view of the counter-arguments, the only way we can prove this is through experience. Is that right?

MR. RONFELDT: That's right.

SENATOR HILLERY: A trial period.

MR. VAN ZANT: Yes, for a trial period --

MR. O'BRIEN: Don't you think that's right? Even though you don't agree, don't you think that is about what it comes down to?

MR. VAN ZANT: I sure do, Mr. O'Brien.

MR. O'BRIEN: I'm just a non-partisan member of this Commission. I think you and all the rest - you have had more experience, you're a contractor, you're the labor man, but there are other members of the Commission who are innocent bystanders, and that's the concensus, I would say, as it appears to me at least.

SENATOR HILLERY: Well, Mr. DiStasio, would you try to get a mechanical engineer for us.

MR. DiSTASIO: Well, Ronfeldt and I will do it.

SENATOR HILLERY: Well, don't you think we ought to have more than one?

MR. DiSTASIO: Yes.

MR. RONFELDT: Yes, three or four.

SENATOR HILLERY: Well, in the field we want to cover. You know this field of building.

MR. RONFELDT: I think it would be well worth it for --

MR. DiSTASIO: You see, sometimes you can't get these fellows to come out. They are rather reluctant because they are

all very busy, you know.

(Discussion off the record)

SENATOR HILLERY: Well, Mr. DiStasio, as soon as you and Mr. Ronfeldt are able to procure the engineers on the same date, then we will call a meeting of our Commission so that we can go into that problem.

MR. RONFELDT: Will we set a date with them? or will we send the names in and wouldn't it be more official --

MR. DiSTASIO: I think if it came from you it would be better and they would be more apt to accept.

SENATOR HILLERY: Well, it will come from me but we still want to get a date when they will be available.

MR. DiSTASIO: That's right.

SENATOR HILLERY: I think it would be best either on a Tuesday or Wednesday.

MR. RONFELDT: When would we meet again, approximately?

SENATOR HILLERY: We should meet within a couple of weeks.

MR. DiSTASIO: I know Runyon & Carey, I can call them up.

SENATOR HILLERY: We have had some complaint in these letters that are going around about minutes, so I would appreciate it if copies of these minutes were sent to the present members of the Commission.

MR. VAN ZANT: Senator, I was going to ask the same thing. I am awfully glad that you brought that up because it will be very beneficial to all of us if we have a copy.

(Discussion off the record)

SENATOR HILLERY: I think that is all the business we have for this morning and I thank you all for coming.

MR. DiSTASIO: Just one thing, Senator. Is that a motion

that Mr. O'Brien made? the reason why --

SENATOR HILLERY: It is.

MR. O'BRIEN: Oh, I think it is of sufficient importance that it should be a motion that this is absolutely non-partisan and it seems after considering the complexities of this thing that the only way, after all facets have been explored, to come to an equitable solution is through experiencing it or through trying it.

MR. STEARNS: Do you want that as a preface to my motion or did you want it --

MR. O'BRIEN: Yes. I think maybe that would be best.

SENATOR HILLERY: As a preface to --

MR. O'BRIEN: Yes.

SENATOR HILLERY: Is that seconded?

MR. DISTASIO: I second it.

SENATOR HILLERY: All right. Those in favor signify by saying "aye" and those opposed "no".

(All members voted in the affirmative with exception of Mr. VanZant.)

MR. VAN ZANT: I am not going to go along with that.

SENATOR HILLERY: You're not voting?

MR. VAN ZANT: No.

SENATOR HILLERY: Mr. VanZant not voting.

All right, thank you. You will be notified as to the date of our next meeting. We have had a very good meeting here this morning. Thank you.

(Meeting adjourned)

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