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# ***Task Force Meeting***

of

## **ASSEMBLY TASK FORCE ON SCHOOL FACILITIES CONSTRUCTION OVERSIGHT**

*“Testimony from Caren Franzini and David M. Mortimer on the status and progress of the implementation of the Educational Facilities Construction and Financing Act”*

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**LOCATION:** Room 319  
State House  
Trenton, New Jersey

**DATE:** March 26, 2001  
9:30 a.m.

**MEMBERS OF TASK FORCE PRESENT:**

Assemblyman Paul DiGaetano, Chairman  
Assemblyman Guy R. Gregg  
Assemblyman Joseph R. Malone III  
Assemblyman David W. Wolfe  
Assemblywoman Arline M. Friscia  
Assemblywoman Nellie Pou  
Assemblyman Robert J. Smith II  
Assemblyman Craig A. Stanley



**ALSO PRESENT:**

Kathleen Fazzari  
*Office of Legislative Services*  
*Task Force Secretary*

Natalie A. Collins  
*Assembly Majority*  
*Task Force Aide*

Jennifer Sarnelli  
*Assembly Democratic*  
*Task Force Aide*

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

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**ASSEMBLYMAN PAUL DiGAETANO (Chairman):** Is everybody ready? (affirmative responses)

Ladies and gentlemen, if I could have your attention, please. I'm sorry for the delay. There was a bit of confusion about which room we were in, and we finally got that straightened out, and then we had some technical difficulties. Hopefully, our schools have better equipment than the Department has there.

For anyone who's in the audience, this is a meeting of the Assembly Task Force on School Facilities Construction Oversight. This Task Force will meet today, originally scheduled for 9:30, it's just 10 a.m. now, to accept testimony from Caren Franzini, Executive Director, New Jersey Economic Development Authority, and David M. Mortimer, Assistant Commissioner, Division of Facilities and Transportation, Department of Education. And they will be testifying on the status and progress of the implementation of the Educational Facilities Construction and Financing Act.

Before we actually begin, may we have the roll, please?

MS. FAZZARI (Task Force Aide): Assemblyman Smith.

ASSEMBLYMAN SMITH: Here.

MS. FAZZARI: Assemblywoman Pou.

ASSEMBLYWOMAN POU: Here.

MS. FAZZARI: Assemblywoman Friscia.

ASSEMBLYWOMAN FRISCIA: Here.

MS. FAZZARI: Assemblyman Stanley.

ASSEMBLYMAN STANLEY: Here.

MS. FAZZARI: Assemblyman Gregg.

ASSEMBLYMAN GREGG: Here.

MS. FAZZARI: Assemblyman Malone.

ASSEMBLYMAN MALONE: Here.

MS. FAZZARI: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Here.

MS. FAZZARI: Assemblyman DiGaetano.

ASSEMBLYMAN DiGAETANO: Here.

I'm advised that Assemblyman Bagger is en route. We'll expect him somewhere during the progress of this meeting.

In the interest of time, since we have a very full agenda in the Assembly today, we would like to begin with the presentation. And we will have the Department of Education proceed first.

Is that correct, David?

**ASSISTANT COMMISSIONER DAVID M. MORTIMER JR.:** Yes.

ASSEMBLYMAN DiGAETANO: Okay.

ASSISTANT COMMISSIONER MORTIMER: Good morning.

I'm going to try to walk through the PowerPoint presentation fairly quickly so that if there are any questions, we can answer them.

There were some requests that we received from members for copies of the regulations. We did provide a set of originals to one of the staff members. They are available on the Internet, and we will make some additional copies, as well. There were some specific questions, which I think we're going to be answering for you in the presentation. But if we don't, then we'll take note of that, and make sure we get them to you quickly.

In terms of the way the Department has been viewing our activity since July 18 -- is that it's our goal to make sure that the school construction initiative provides every child with a world-class environment in which to get a world-class education.

Today, we'll cover a couple of things quickly: An update as to where we are in implementing the law; where we are with the long-range facility plans; a status update of the health and safety, the retros, the waivers, the pipeline projects; and then a little bit of a summary.

In terms of the long-range facility plan and implementing the law, the central element to it was the software package that was provided via the Web to every school district in the state, which outlines here, in sort of a table form, the 10 areas of activities that each of the districts go through. It's a very comprehensive planning process. It's far more comprehensive than anything they've done before. But it is not dissimilar to what some other states that were slightly ahead of us, albeit on a smaller scale, were in the process of doing.

The long-range facility plan provides a number of things. One is, it's an inventory of the district schools. It's also a way of identifying the district's facility needs on a building-by-building basis. It also then allows for individual projects to be put into context of an overall plan, especially important when you've got a district that has more than one building. Many of our districts have six, eight, ten, twelve, and some as many as eighty buildings.

It also provides for the district leadership a very important tool that they have not had before. And that's an ability to do some scenarios, which allows them to select the best plan, if you will. It's a means, also, for us in determining, with the districts, the State's facility aid, which thereby reduces the

property tax burden that they have to pass to their taxpayers. It's also a database on all New Jersey schools. And as you know, the long-range facility plan was mandated in the law that you all passed last June.

However, it is not a cost-estimating worksheet. There's been a lot written about the dollar values. They mean very little other than for capital planning purposes. What really will matter is when the project applications come in, and the project pricing, then, is relevant to a specific project.

It's also not a one-size-fits-all planning tool. It gives the districts all kinds of flexibilities as to how they want to make sure that their physical plans match their educational programming so that the students that attend that particular school have a facility that matches it, rather than some "McDonald's or cookie cutter" that was talked about earlier. It's not a static or inflexible cost-driven approach. Cost isn't the driver. Educational adequacy and program space are the drivers.

And it's not a top-down planning process. It really does start with the district leadership, working with professionals, developing an understanding of what their facilities give them, and how they can approach solving their educational needs.

This is just a quick overview or flowchart at a high level of what the districts have to do to go through a plan. The first thing they have to do is log on to a Web-based database software program and then complete on-line data sheets similar to anyone who's familiar with working with any of the sort of Microsoft products where there's a menu and asks you certain questions. It gives you draw down choices that you can pick. If you don't find a choice that matches what you think you want to put in there, you can ask the software

provider to give you a nomenclature that allows you to do that. And it takes the districts through the series of processes necessary for them to complete the long-range facility plan.

It also gives them the documents they need to submit to the local planning board, which the law requires receive a copy so that they have an opportunity to provide findings and review. And it also gives them the ability to then electronically submit to the Department, without having to recalculate or reproduce all that data, the long-range facility plan option that they choose.

What happens then, at the Department's level, is we electronically simply have access now to their data that they have made available to us. They haven't had to go through any extra steps. There's no duplication of effort. It's data that will be shared with other State agencies so that the redundancy, if you will, of putting districts through the time-consuming process of filling out the same information for multiple Departments on multiple forms has been eliminated.

We start to do the reviews that are required of us to determine, first of all, is the report complete and accurate. And then secondly, does it comport with the law in relation to educational adequacy, core curriculum content standards, facility efficiency standards, etc., so that, ultimately, what we're in a position of doing is providing to the district a final determination letter, "an approval letter," which, by the way, Mountainside did get their draft approval letter last week. The board responded, and we're going to be issuing Mountainside their final determination letter this week, which will mean that in less than the 150 days that the law envisioned, the first districts are starting to get their long-range facility plan approvals.

Time lines: Some of this is a little bit of a refresher. You and the Governor announced an initiative back in February of '98. The law became signed on the 18th of July, which was only about eight or ten months ago.

In September, we started to provide overview training to all of the districts on the use of the software so that they would be proficient in it, and we also began the process of developing our projects and procedures.

In October, we held further hands-on computer training for the districts and their professionals so that they could enter the data for the long-range facility plan. The Commissioner's first set of regs were published. They focused on how to do the long-range facility plan and the necessary information that the districts would need to complete it. And the Department initiated a Web page where all of our information has been constantly refreshed so that people who are interested in understanding about how to work with the system, how to understand the new law -- they have a common place where they can go.

December 15, which was the deadline for the non-Abbott districts to file something with the Department in the way of a long-range facility plan-- Five hundred and thirty of the five hundred and fifty-two filed some portions of their plan on that date. Ninety-three percent of the folks got us planning information by the date that was outlined.

We also brought on a consultant to assist us for the review and the process of documentation activities so that we could stick to the aggressive time lines that the legislation lays out.

2001 is going to be a busy year, and has been a busy year for us. The final Commissioner's regs were published in January, which took the districts through the balance of it this year. The long-range facility plans for

*Abbotts* are going through the process. Twenty-five of the thirty have received their final determination letters for approvals. Health and safety project awards, which I'm certain Caren Franzini will talk about, are moving forward now through the EDA process. Early childhood facilities that were necessary for this coming September 1 are being addressed through a combined effort of the district, the State Department of Human Services, the Early Childhood Division, and Office of Facilities at DOE, EDA, to make sure that we have facilities for the children come this September.

The *Abbott* prioritization meetings, which the law mandated require happening-- We've had 24 of those to date. This is where the *Abbott* districts' superintendents and staff work with the Department and EDA to prioritize which projects will move in which sequence. So we make sure that we're in sync so that the children aren't disrupted and that the administration of the day-to-day school operations can continue while we address the long-range activities. The non-*Abbott* long-range facility plans are going through the final determination approval process, as we outlined. We expect, and I'm certain Caren will spend some more time -- during this year, more design and construction awards will start to begin, and we will finalize, as the law requires, the State Board of Ed regulations by October of this year.

We've approved, as I said, 25 of the 30. The five that we have not yet approved, and we're working with, are Camden, Elizabeth, Gloucester City, New Brunswick, and Pleasantville. The non-*Abbott* reviews-- Our consultant has performed technical reviews on approximately half. Those represent the districts that submitted Section 5 of the plan, which is where they've actually told us options that they wanted to pick.

Cedar Grove and Mountainside have received their preliminaries. As I said, Mountainside has already responded. We expect Cedar Grove-- I believe they're having a meeting of their board of ed tonight, in which they will respond to the draft final determination letter they've gotten from us, accepting or providing us additional comments. And then we'll respond to that.

The remaining districts have yet to submit Section 5. There is one note. There have been an additional 75 that have submitted Section 5 since last week when this was created. And I apologize for not being up to date. Three hundred and twenty-nine of them, now, have submitted Section 5s, and KPMG will be going through the reviews of that.

In terms of health and safety -- just an overview -- 403 scopes of work. That meant every single school facility in an *Abbott* district was visited more than once with district personnel and professionals, and 403 of the 424 were determined to be in need of health and safety work -- projects that are consistent and are considered to be critical to the health and safety.

We don't have the kind of health and safety, though, where we're putting children in imminent danger. These are things like upgrading fire alarm systems, upgrading fire lighting or emergency lighting systems, making sure the boilers or the heating systems are sufficient to carry them through the winters, that sort of thing. We don't have imminent danger that children are in.

Nineteen districts were also offered the opportunity by EDA, because the law allows for it, to handle projects on their own that were valued at less than a half a million dollars.

In terms of waivers, we received 80 requests, 71 were approved. To date, 49 of those have been approved by the voters, 9 of them were defeated.

There are another six or seven that are scheduled for referendas in May. There were six of them that were over 55 percent. And by the law, they had to be forwarded to the Economic Development Authority for their review. Of those, two of them, Gloucester City, which is an early childhood facility, and Deerfield Township, which you may remember had some mold spore and roof repair problems, are over at EDA so that they can be moving along through the process to make sure those issues are resolved.

In terms of retroactives-- The retroactive-- We received requests from 239 districts that 713 of their projects be considered eligible retroactively for the bill. Districts were notified, during January and February, of their status. Four hundred and forty-seven projects were determined to be eligible and approved, fifty-five projects were determined to be incomplete, and they have until May 1 of this year to work with the Division to get the information complete so they can meet the next round of funding.

And 211 projects were determined to be ineligible for one of these three reasons. The law laid out very strict areas for eligibility. Some of them lacked Department of Education approval. That may sound a little strange, but in the past, the Department did not approve all projects. You and the administration put in a law that in order to be retroactively eligible, there had to be that threshold of Department of Education approval so that the Department was involved in the process.

Projects, in some cases, fell outside the windows of the dates. The law was passed on July 18. Retroactivity required that districts were to have performed certain activities either by that date or before October. And last were projects-- We did find some districts who were trying to maximize funding by

submitting requests for funding under more than one funding method. We only allowed them to receive State funds once.

Pipeline projects, fast-track projects in the *Abbotts* -- 44 projects, for approximately \$17 million in 12 districts. Significant design work had already been done by the districts, so we didn't want to lose that effort, so we advanced that work. It offered the districts flexibility in the process. And there are districts that are completing work under that. And they're receiving the funding to reimburse them for the costs of those pipeline projects that they completed.

In summary, we think that to date, in roughly eight months, we've been able to fulfill the objectives to provide safe and healthy environments for the children. We believe we've given the districts what you intended and the administration intended, which is a flexible planning process that allows them to strategically plan for the future, as well as we continue to communicate extensively with the districts so that as the process evolves, we're able to benefit from their innovations and ideas to make it better.

Thank you.

ASSEMBLYMAN DiGAETANO: Thank you, David.

Caren, are you going to use the screen projector? (affirmative response)

Why don't you come up, present your testimony, and then we'll have questions and comments on the combined testimony?

**C A R E N F R A N Z I N I:** I'll begin a little bit, Chairman, so we don't--

ASSEMBLYMAN DiGAETANO: Please go ahead, Caren.

MS. FRANZINI: --so I don't have to delay the committee (*sic*) any more while Mark is setting up. (referring to projector)

First, thank you for having me today.

I'm Caren Franzini, and to my left is Mark Lohbauer. Mark is our Director of Policy and Communication, Division of School Construction.

What I'm going to talk about this morning are four areas. First, what is our philosophy in handling school construction. As all of you know, schools -- and building schools is new for EDA, so we're catching up with DOE and working together. Second, what we've been doing the past eight months, to give you an overview of exactly what we've been doing, as well; third, how we planned to do new construction, and what are some of our philosophies; and finally, what's next, what to expect over the next coming months.

The first slide that I wanted to talk about was, EDA was selected for this based on our experience in financing and building projects across New Jersey.

Our philosophy in doing this program is threefold. Being responsible for \$8.6 billion, our first one is fiscal integrity. We want to make sure we can account to you, and to all taxpayers, how every dollar of the \$8.6 billion is spent and spent right.

The second is moral integrity. It is very crucial that we have many fine contractors in New Jersey. We want to make sure those good contractors work on our projects. We're working hand-in-hand, as you created the Office of Inspector General within the bill. They're working with us to ensure that we have contractors with high moral integrity working on the project.

In fact, the first meeting I had with the inspector general, he handed me a book. It was a big book -- kind of thick, and the printing was in red. And the title of the book was *Corruption in the New York City School Construction*

*Authority.* And he gave that to me, I think, as a warning to make sure -- read this book, Caren, and make sure we do nothing like that in New Jersey. So we are working very closely with Ed Neafsey and his office.

The third, and critically important to a successful program, is open communications. There are many constituent groups that are concerned about school construction from all of you, the Legislature, to the Governor's Office, to parents, to teachers, to principals. And we have to make sure that we have a good communication process that makes the information accessible. And we'll be using the Web site to do that and other forms of communication.

Next is what have we been doing. Once the law was signed, and -- knew it was us as an authority and not another group to do it; it was going back and forth there for awhile -- is our-- Two weeks out of the box, we issued an RFP to hire a consultant to help us implement this program. We realized no one entity in the United States had ever been challenged with building \$8.6 billion worth of work over a 10-year period. And although we think we're pretty good at financing and building buildings, we know we're not that good.

Heery was selected as part of a competitive process, and they are now working with us to set up our internal processes and procedures. Those processes and procedures go back to our three points to ensure that we have fiscal integrity, moral integrity, and open communications. And that's what we've been working a lot on.

We felt it was extremely important to have our processes and procedures in place before we went full swing and got all the work done -- or began. We're working on the fine scale that school districts have been waiting two, three, four years to have this work completed. So they're very anxious to

have the work done. At the same time, we want to make sure we have procedures in place. So what you'll hear about in a minute -- that we started working on the health and safety projects simultaneously to having our procedures in place. So we can proceed with some work, but at the same time making sure we have procedures moving forward.

The second, we created a new department, and we're hiring people for our school finance and construction. It's broken down into four areas. Marcus is head of our policy communications. We have a procurement, we have school construction design, and we have a fiscal group.

The third area is that we are -- established procedures for a prequalification procurement and affirmative action. Let me go through each of these, because I think they're important.

First, in terms of prequalification. As you know, the law specifically allowed us to, provided that we had to prequalify all firms doing work, both consultants, which I'll call architects and engineers, generically, and contractors. On the consultant side, the Building Authority had been the main authority for some time in the law, and they had begun a whole process of prequalifying architects and engineers. And what our board did was adopt their prequalification process and those firms that had already gone through that process. That application form is up on our Web site. It's an open process. So any firm that wants to prequalify can do it at any point in time. And it's an open process.

In terms of prequalification for contractors, that was a much tougher job. And what the law allowed us to do was to take over an existing list, because it takes so long to develop a new system. And what we did is we

took over Treasury's list. We didn't actually-- We're utilizing their list. They have around 2000 firms that are prequalified for construction work. What the laws told us to do, and what we've done with the Inspector General's Office-- All those firms were sent notices that they had to certify that they're still in good standing. The Inspector General's Office helped us prepare a checklist. Basically, if they had any legal problems, they had to notify the Inspector General's Office and us, and the Inspector General's Office is investigating those issues. So right now, any construction firm that wants to do business with us is getting that second screen.

We, in fact, are working, right now, with Treasury, though, on developing procedures for a new list. Our ultimate goal would be to have one list statewide for everyone so we become user friendly as a State. And we're working hand-in-hand with the Department of Labor, because a lot of issues come up with registration of contractors and prevailing wages -- the Treasury Department, the Office of the Inspector General, and the Attorney General's Office. So that's where we are on prequalification.

Also, in terms of procurement, we have developed procedures for the selection of architects and engineers for consultants. Those procedures were actually changed midway through the stream, because we started working with school districts and came up with some issues that were a concern to them and also talked to the community. So we went back to our board a second time and made some changes -- enhancement to those procedures, because we wanted to make sure they worked from a legal standpoint, but also from a practical standpoint, and that we heard the districts and worked with them in changing some of our procedures in terms of selection of architects and engineers.

We are working on our procedures right now for the selection of contractors. Contractors will be selected on a basis of price and other factors. I know one of the questions was, what regulations have we adopted. Those procedures are still being worked on. We think it's critical that we work with the industry, understand their issues and concerns and ideas before we go out with any regulations. So we're in the process of doing that now.

Also, in this time frame, we've initiated \$100 million worth of work. This goes back to what Dave Mortimer talked about in terms of health and safety work. This work is in terms of two areas, and I'll go into the specific projects in a minute. But it all has to do with health and safety work. And I'll go into specifics coming up soon.

And finally, is that we've conducted an extensive outreach program. We've been on numerous speaking engagements, met a lot with the districts, with the industry, with the construction industry to understand their needs, their issues, and their ideas.

A couple of other things I just want to mention to you: One, last week, we had a successful sale of \$500 million worth of bonds for the school construction program. The bonds were oversubscribed, which shows a tremendous interest in New Jersey bonds and how good they are trading in the marketplace. The underwriter was Lehman Brothers. And as I said, we had more buyers than bonds, which led to a very good price on the bonds. We also have finalized a grant agreement with all the school districts -- with the *Abbott* districts to do work under a half a million dollars.

As you know as part of the program, part of our task is to achieve efficiency, and we are working to develop procurement standards to do that. The

larger partnership, just to-- The larger partnership is-- We're working with a lot of -- first of all, with the school districts, and then with a lot of State agencies. We're working with the Department of Education, the Office of Inspector General, as I mentioned, the Departments of Community Affairs, Labor, Commerce, and Treasury. The Department of Community Affairs is playing a critical role in that they are the overseers of procurement for all the local districts. The EDAs only do the procurement for the *Abbotts* and those over 55 percent. So what we want to make sure is that when we're giving the grant agreements to the under 55 percent, that the local districts are following the procurement laws. So we work tremendously with the Department of Community Affairs. The Department of Labor -- we're working on prevailing wage issues to ensure that all contractors are paid prevailing wages. And the Department of Treasury -- we're working with monitoring of affirmative action and also issuing all the bonds.

Dave already went through this, I think, so we don't need to go through this.

You skipped one, Mark. It's okay. We'll go back to special projects.

All right. More than just classrooms: What I mentioned earlier in terms of designing the school facilities program is that although the Act calls for -- and we must build classrooms, what we wanted to do, as well, is work with some communities that are interested in expanding beyond the classrooms. We're looking to use readaptive spaces to renovate existing buildings.

The picture you see on your left is actually in Paterson. The district itself did this. This was a project that EDA actually finances -- a retail mall in

downtown Paterson. There was a major department store that had a fire in the late '80s. The EDA had provided financing to build a new retail center. It didn't work. As the developers were looking for alternative uses -- got with the school board and actually redesigned this retail mall that didn't work into a high school, and it's functioning very well as a high school for architecture. So it's an adaptive reuse of an existing building, as much as we can make that happen in our inner cities, because land is very valuable, so we have to look for creative solutions. So that's an idea of how we would look to do creative reuse.

One of the other things that the Act calls for is that -- in terms of training. What has been the practice in the past is that once a contractor fails in terms of meeting the affirmative action requirements or other training requirements, there's money put into a pot after the fact -- it becomes too late, because the project's already completed. A half of one percent goes into a training fund.

What we're working with the Departments of Treasury and Labor on is actually providing training up front. The Department of Labor, as you know, runs massive training programs. And the Act even calls for the Department of Labor and Education to do apprenticeship programs. We're coordinating our work with them to ensure the apprenticeship training is happening across New Jersey in the districts that will be building -- constructing our buildings. So it's very much -- rather than EDA doing training programs -- it doesn't make sense -- there are other Departments already doing that. So we're just coordinating our work with them.

We're also coordinating in terms of contractors and awarding contracts to minorities and women. We're looking at other states that have

successful practices. And New York City actually has had some successful programs like a mentoring program. So what we're doing is copying good ideas from other states and making them work in New Jersey.

And the mentoring program is when a large construction company, and many in New Jersey participate in this program in New York, and they mentor smaller construction companies. So the smaller companies have an ability to work with the large companies and work hands-on on a project. And that way, we help some of the smaller companies in New Jersey grow to be bigger companies.

As you're aware, the Act calls for design of school facilities -- should incorporate maximum operating efficiencies and new technologies. We're becoming very familiar with all this and educating ourselves on the best green technology that's out there and how we make it so it's cost efficient into our buildings. So we actually do save energy costs. And actually, many of the technologies don't cost more money up front. I think many of us thought, or I thought myself, that to put in some of this green technology that's environmentally friendly, it's more expensive than some of the normal equipment, but in fact, it's not. It's often the same prices. And so what we're doing is trying to find and isolate those equipments that will save the districts money when they have the building back and go to operate them.

This is just some of the green design standards that we're finding out about that exist on the Federal level, as well.

We're also looking for good educational design. We want to ensure that there's natural daylight into buildings. Kids obviously learn better when there's windows and there's natural light into the classrooms. We want to take

advantage of that. We want to ensure there's proper ventilation so air is circulating so they stay awake. There's also collaboration spaces that are now important parts in terms of school learning, and also, the incorporation of high technology. That's critical and on the minds of every school district.

What's next: Right now, we have health and safety projects going on across the state. We've done the projects in waves. We call them waves so we issue RFPs for architects and engineers. The first wave was \$10.5 million in six districts. The districts are Asbury Park, Garfield, Harris, Keansburg, Neptune, and New Brunswick. The contracts have been signed in all those districts. They're undertaking work right now. And that work will be done over the summer months.

We have a second wave of projects, and we'll be giving you this information as a handout later. There's \$35 million worth of projects in another 10 districts, of which the architects have been selected. And we're working to finalize those contracts.

And I just want to mention, on the selection committee, there's five people, three from the EDA and two from the district. And that's to ensure that the district has input and involvement in the selection process. We are holding the contract, we're responsible for the contracts, so, obviously, we have to have the majority vote, but the school district is very much a part of that.

A third wave of projects -- we'll be issuing -- or submitting proposals this week and next week. And that's for another \$24 million worth of work. Right now, Heery will be a project manager overseeing just the first wave of projects when the work begins this summer. We'll be issuing RFPs for other project managers. That will be across the state. We'll be regionalizing the state.

As you know, Newark and Jersey City have more schools than anyplace. They may get their own project managers. We're going to do it based on how much school construction will be occurring throughout the state. And we'll be issuing RFPs for regional project managers. That will be our people out in the field overseeing multiple projects at once.

The other thing we're doing is meeting, as Dave mentioned earlier, with the districts to highlight which projects they want to see go first. So, as we get the health and safety projects done and worked on this summer, our next thought will be to then start the AE process for first-year projects. So the districts, right now, are really prioritizing what they want to have done. And we're working with them and DOE to do that.

And then finally, as I mentioned, we'll be really focusing on the health and safety projects.

Thank you very much, Chairman.

ASSEMBLYMAN DiGAETANO: Thank you, Caren.

Dave, do you want to pull up a chair and come to the -- Caren's left, I guess, there?

Sponsor of the Act, Assemblyman Malone, do you want to lead us out here?

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

I just have a few questions. I did have the opportunity to meet in the fall with both Dave and Caren regarding many of the aspects of getting this thing off the ground. And I'll be honest with you, I was pleased at the efforts that they were making. I think this is going to be an incredible task on their

part, and I don't envy their job. As a matter of fact, I just said to Assemblyman Wolfe, "I wouldn't take the job that they have for \$1 million a year." So for what it's worth--

ASSISTANT COMMISSIONER MORTIMER: Is that an offer?  
(laughter)

ASSEMBLYMAN MALONE: Several school districts, and a number of people, have contacted me regarding several aspects about the legislation and its progress. I guess one of the major concerns, really, has been the five-year plan. How many districts-- How many five-year plans have we--

Dave, do you know off the top of your head?

ASSISTANT COMMISSIONER MORTIMER: We believe that up to about 329 or so have submitted what they believe to be completed plans. We're working through-- We've advised the districts-- In some cases, Assemblyman, they've missed a data field here or a data field there -- but a fairly significant number.

ASSEMBLYMAN MALONE: I guess my only concern is, I am concerned that the ones that are planning significant construction within a relatively short time frame or to make sure that their five-year plans are in -- but the ones who are not contemplating construction-- I really think that as part of the bill I put in to relieve some pressure on that -- that really-- I don't know if you have the time or the inclination to be worried about those who are not constructing immediately. And I would think that from your own standpoint, that relief in the area of not having to work with schools that are not constructing -- and extending that time frame for them, probably, would be a

benefit for you. But I'll leave that up to your own devices to worry about that as time goes on.

The list of projects-- Do we have a list of projects that are under way where the shovels are in the ground, or is that something you're in the process of making up?

ASSISTANT COMMISSIONER MORTIMER: As I would define a project, which means that we've actually gotten a design award started, which is the first part of it, the health and safety projects represent 403 projects within the *Abbott* districts. There are approximately 179 additional projects that we have provided a list to Natalie, but we can get you other copies, of the waiver projects that did get voter approval. In many cases, those are districts that won't be using EDA, will be advancing a project using a funding that's in this law.

In addition to that, there are the retroactivity projects. About a third of those were new projects. They weren't things that -- the folks had already built the schools, and now we're just getting-- So there's a couple of hundred of those that we can isolate on a data set that we've got -- who they are.

ASSEMBLYMAN MALONE: I noticed there are some people here from the construction field today. I guess the prequalifications, as it were, were always an issue, going back to the genesis of the bill. How do we stand on prequalifications and the number and the work with contractors and management firms on getting everybody in place to make sure that they can get those shovels in the ground?

MS. FRANZINI: We want as many firms to be qualified as possible. Right now, we have around 300 -- a little over 300 architects and engineers that are prequalified to do work. And as I said, it's an open list, and we're encouraging more to enter.

In terms of the contractors, again, there were 2000 that were -- approximately -- they were prequalified by Treasury. Of that 2000, around -- a little over half have been -- sent in their certification form to be certified to do work with us. And the Inspector General's Office has pretty much gone through that list, and they're holding back a couple dozen.

ASSEMBLYMAN MALONE: So we're in reasonably good shape when it comes to--

MS. FRANZINI: We're in really good shape, but as much as we can publicize for firms to become prequalified, we look at that opportunity to do so.

ASSEMBLYMAN MALONE: The apprenticeship aspects of the legislation, also, which were a big item that I had worked on as a major concern -- I guess the committee-- As far as I know, the Committee has not been formed yet, and has not met. Is that accurate?

MS. FRANZINI: That's my understanding. The Committee has not met. However, staff people are working. So, when the Committee is finalized, we will have some ideas to present to them. And again, the Department of Education, Labor, and EDA have been working hand-in-hand.

ASSEMBLYMAN MALONE: One last item, Mr. Chairman.

The management firms and the zones-- When we had talked back in, I guess, December-- Have most of the zones been covered and most of the management firms been retained, or-- What's the status of that?

MS. FRANZINI: The status is, we've finally identified the zones, because what we were waiting for is to get all the five-year plans approved, to understand how many school districts were actually -- how many schools were being planned in each of the 30 *Abbotts*, especially. Now that we have that information, we have the zones, we'll be issuing the RFP, probably, next month.

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

ASSEMBLYMAN DiGAETANO: Thank you.

Assembly Education Committee Chair, David Wolfe.

ASSEMBLYMAN WOLFE: Thank you, Mr. Chairman.

David, it's a pleasure to meet with you.

And Caren, I never met with you before.

I was very impressed by both your presentations.

But I think it's very important that we have a bipartisan group here, because I have a number of questions, which I will ask, perhaps, both of you to look at.

Assemblyman Malone has already asked the first question which I had, which was about those long-range facilities plans the districts had to earlier submit and then had to resubmit, which seemed to be very redundant.

You answered that very well.

But I notice in some of your material-- The \$138 per square foot figure is still there. And I know when the bill was being considered, there was

a lot of discussion -- the possibility of requiring a geographic or regional differential for that. Is that part of the bill, or is that -- I mean, part of the plan now, or is that not part of the plan?

ASSISTANT COMMISSIONER MORTIMER: The law did not allow for regionalization, as you know. But the law does require the Department of Education to provide, to the Legislature, this July, and then every two years thereafter, a revisited \$138 number based on construction cost in the New York and Philadelphia labor markets.

ASSEMBLYMAN WOLFE: All right.

Well, I noticed you're first getting started, but to me, I think, that's a very important issue -- looking at the massive cost.

The other issue that I have is, I know you have a number of checks and balances, but is there a final arbiter, or who has the final say? Let's say a district has an option to either renovate in an existing facility or construct a new facility. And let's say they want to go and build a new facility, but it might be more cost-effective to renovate. I mean, who's the referee? Who makes that determination?

ASSISTANT COMMISSIONER MORTIMER: The district submits to the Department a feasibility study that outlines why they believe that a replacement would be more beneficial than just a renovation. The appeal process would be, first, they would go through an informal appeal to my office as Assistant Commissioner, and then they would appeal to the Commissioner if they so chose, and then, ultimately, they would appeal to the Appellate Court.

But we're looking in terms, as Caren said, to recognize and accept the fact that program spaces that the districts want, really, will drive the design of the buildings in which the educational activity will go on.

ASSEMBLYMAN WOLFE: Okay. So this is a three-part appeal.

Now, one of the questions, also, Assemblyman Malone had mentioned was about those districts that really don't intend to build anything.

Now, are those the 22 districts that did not submit plans? You mentioned before, in one of your first overlays, there were 530 proposals out of 552 districts. Is that what we're talking about -- those 20?

ASSISTANT COMMISSIONER MORTIMER: There's a set of circumstances that the law established that we believe that we've afforded an opportunity for districts to work with. The law said that in the absence of an approved-- Excuse me. In the absence of a long-range facility plan, school districts could do no capital projects.

We submitted regs that interpreted that to mean that the districts had to have submitted to us a long-range plan. Once having done that, then they can advance projects for which they are not seeking State funds through the normal processes. So the 22 districts that are remaining and didn't file are the only ones that are at risk, because they have no statutory ability to spend any moneys, either current fund or capital, for facility improvement.

ASSEMBLYMAN WOLFE: Okay.

Mr. Chairman, I just have a couple more questions, then I'll try to wrap this up.

ASSEMBLYMAN DiGAETANO: Go ahead.

ASSEMBLYMAN WOLFE: Obviously, this is the biggest public works project since the pyramids or possibly the aqueducts in Rome or something, (laughter) so I was quite startled to see that you had hired a consultant -- the Heery International. I'm not familiar with them at all. But I want to know--

My question is, what is your total operating and administrative budget in New Jersey EDA? What's your administrative cost of this entire project?

ASSEMBLYMAN DiGAETANO: For this project, Assemblyman, or total?

ASSEMBLYMAN WOLFE: To run your office, what's it going to cost?

MS. FRANZINI: We're working on that right now, Assemblyman. What we've submitted a budget to OMB, and it was approved, is for this calendar year to hire 50 new people to run schools. That's separate and apart from--

ASSEMBLYMAN WOLFE: I'm not on the Budget Committee. What does that look at in terms of dollars?

MS. FRANZINI: What I can give you is a copy of the budget that was approved, and that would be helpful in terms of our total cost.

ASSEMBLYMAN WOLFE: Can you tell me now what that will be?

MS. FRANZINI: It was-- And I just don't want to pick a number that I don't have on top of me right now, that might be a wrong number.

ASSEMBLYMAN WOLFE: What was the bid, or what was the award for the Heery International Corporation?

MS. FRANZINI: It was over \$1 million. I just don't have that number with me today, but I will provide it to you.

ASSEMBLYMAN WOLFE: How long is that for?

MS. FRANZINI: The contract was anticipated to be approximately a little under a year.

ASSEMBLYMAN WOLFE: Okay.

MS. FRANZINI: And it was done on a competitive process. We received-- We had nine proposals. Heery was the low bidder. And they were deemed to be the most qualified, as well.

ASSEMBLYMAN WOLFE: Okay. Just two more quick questions.

I was very pleased to hear you say the concern for hiring local folks to do some of the work. However, what criteria do you have that really gives an equal footing, let's say, to a local businessperson as opposed to, let's say, a large corporation that they're bidding against? Do they have any-- What chance do they have? If I'm a plumber, if I'm a glazer, or something like that--

MS. FRANZINI: The key is, in terms of them being prequalified or classified on a level of work they're prequalified to do. So, if we're building a new school, we're going to need someone who's capable of doing \$15 million worth of new construction. Those firms that are prequalified to handle that, based on their past experience, will be given the opportunity.

ASSEMBLYMAN WOLFE: Well, if you're going to build something in Paterson, is it a requirement that so many of the people hired must be from that region, or can they come from Pennsylvania or New York?

MS. FRANZINI: We legally can't not have people from out-of-state. However, what we're trying to do is promote in-state hiring of both firms and people. And we are going to do a lot through the training program. Our goal is that as we work with the Department of Labor, with other training organizations, and the unions, that the more people we have trained in New Jersey -- so when a lot of the bulk of a new construction begins, even next year -- that they've been trained this whole year. So when the work begins, we have people in Paterson that have been trained to work in construction. They, then, can be hired.

ASSEMBLYMAN WOLFE: My last question is about the Inspector General. They work through your office?

MS. FRANZINI: No, he reports directly to the Attorney General.

ASSEMBLYMAN WOLFE: Okay.

MS. FRANZINI: But we work very closely with him.

ASSEMBLYMAN WOLFE: Then maybe I can ask our Chairman, the next time that we meet as a body, that we have that individual present, or have some type of presentation from them about--

ASSEMBLYMAN DiGAETANO: I certainly think that's reasonable. Thank you for that suggestion.

Assemblywoman Pou.

ASSEMBLYMAN WOLFE: Thank you.

ASSEMBLYMAN DiGAETANO: Assemblywoman Pou, you have some questions.

ASSEMBLYWOMAN POU: Yes. I'm sorry, Mr. Chairman.

ASSEMBLYMAN DiGAETANO: Nothing to be sorry for.

ASSEMBLYWOMAN POU: I was momentarily distracted here.

Good morning, and it's really very nice seeing you both again.

I'd just like to follow up on some of the questions that my colleagues -- both Assemblyman Malone and Assemblyman Wolfe have referred to.

In particular, just because it was just asked, the question with regards to the local vendors and what are the possibilities-- What's the likelihood of making sure that those local vendors that may indeed be prequalified in time for them to be able to participate in this process -- what assurance or what steps are -- is your office taking to make that possible?

MS. FRANZINI: We're doing a couple of things right now. One of the subconsultants on the Heery contract is a group called the Regional Alliance. And the Regional Alliance has a long history, in New Jersey and New York of working with smaller contracting firms. The small firms -- women and minority-owned firms. And we're working with them on a number of programs to encourage those types of firms' participation in the program.

First of all, there's training. In addition to training laborers, we need to train small contractors on how to bid on work. Oftentimes, a small contractor does not know how the processing of bidding on public contracts works. It's something they've never done before. There are a lot of requirements to become qualified and prequalified to do so. So, first is, we're working on an RFP to have training programs for construction companies -- small construction companies to occur throughout the state.

ASSEMBLYWOMAN POU: If you would just indicate what that time frame is, in your mind, in terms of the training. What are we talking about?

MS. FRANZINI: In my mind is that if we issue an RFP in April and select vendors in May, that starting this summer, we could have training programs being worked on that would take us into next year.

What we often find is that we don't have, on the small side firms-- They're not ready to bid on the projects. They don't have the in-house capability to do so. And what we're trying to do is set up training to have them do that.

Another barrier to entry is bonding -- that they're not able to obtain a bond. We're actually inviting in, next month, three of the major bonding companies to come and meet with us, because what we'd like to do is propose to them that on our EDA -- other side of our fence, a financing arm -- that if we provide a guarantee to the bonding company for part of the bonding for the small business, would that then encourage them to give them a bond. So that is another area where we're trying to work to encourage bonding companies to bond, because a firm over a certain size work has to be bonded in order to bid on the work.

And the third area is that we're doing a lot of outreach with the *Abbott* districts to try to encourage them to encourage contractors in those communities to become prequalified. To be honest with you, we keep talking to a lot of firms, but we're not getting enough prequalified, and also, to become certified in the savvy system of commerce. So what we want is someone to become certified and then become prequalified so then they're registered as a

small business, a minority, or a woman-owned business. So as much help that we can get from this Task Force and others to really get the word out is-- That's what we're trying to do -- is get the word out to have people become certified and then prequalified.

ASSEMBLYWOMAN POU: Mr. Chairman-- Through the Chair, let me just say that one of the things that I know that I -- was raised last time, and I just would like to see where we're at this time around.

Has the list from the Commerce Department-- Has that been merged with the Treasury Department, because that way we could have one comprehensive list as opposed to having two separate prequalified lists of potential contractors? Has there been any efforts made with merging both lists at this time?

MS. FRANZINI: What we're trying to do is try to make it seamless to the contractors for a lot of different things -- for certification, for prequalification, for contractor registration with the Department of Labor. What we're working on, between Commerce, Treasury, and Labor, and ourselves, is that statutorily, each Department is responsible for things, but our goal is that you go to one Web site, and you're a contractor, and you can press a button to do all four things at once rather than going to four different offices.

We are not there yet, Assemblywoman. That is our--

ASSEMBLYWOMAN POU: So, technically, we can have a potential prequalified contractor that's only on the Commerce Department's list, not on the Treasurer's list, and those particular contractors would not necessarily be part of the consideration. Is that--

MS. FRANZINI: Right. But we've notified every person -- every contractor on that Commerce list and explained to them exactly what they have to do to become certified to do work on schools throughout the state and also volunteer to walk them through that process and handhold them to do so. So they've all been notified and encouraged to do that.

We did, as a result of our meeting, send letters out to all of them. And we've gotten a number of calls, and we're helping them walk through that process.

ASSEMBLYWOMAN POU: So it's still being worked on.

MS. FRANZINI: Yes.

ASSEMBLYWOMAN POU: Okay.

Just a few other questions, Mr. Chairman.

Thank you.

I just want to go back to the training and the education component that you spoke about earlier, Caren -- that this particular training is going to be provided by the State Department of Labor. And I guess what I'm trying to find out is, how will we make sure that this new training will, indeed, enable those participants to be hired by the contractors? And what's the time frame?

For example, if what we're looking to do is begin construction as early as next year, hypothetically -- well, not hypothetically -- let's make sure that it gets done. But my point is, should that be the case? Where will we be within that training component that will enable us to have trained, capable individuals ready to enter the work field within those particular areas throughout the state that will ensure that we have a trained population out there to meet the job demands that are within our contracting needs?

MS. FRANZINI: Right. Two things. One, we will have work going on this summer for health and safety, which we will not have this all in place for. I just want to be clear and up front.

ASSEMBLYWOMAN POU: I'm sorry?

MS. FRANZINI: We'll have health and safety work going on this summer, so there will be construction work happening this summer.

But the big construction, in terms of new schools -- it takes a year to a year and a half to design a school -- will be happening next summer. And so our goal is working with the Department of Labor and the Department of Treasury, the unions, neighborhood groups is that-- The model we're looking at is that the Department of Labor, through its workforce investment boards and other vehicles--

We're actually looking to do two things. One is to work with local groups within the *Abbott* districts to do life skills training. So before you can even get into any kind of apprenticeship program, and even the unions themselves have said sometimes life skills training is needed before going into apprenticeship programs.

So the goal will be having training dollars flow through local organizations in the *Abbott* districts themselves that are already existing, providing life skills training and getting money from Labor to do so. We continue that work in the *Abbotts*.

Once they're done the life skills training, many of the unions have apprenticeship programs or other apprenticeship programs out there that are -- want to take graduates or people that are ready to start the apprenticeship now. And it is about a six-month to yearlong process.

There is a need out there for more apprenticeship programs. There is the need, and then there's the demand at the end. So when we start construction, we need laborers. And we don't want to take laborers from out-of-state, we want to have them homegrown, and we want them in the *Abbott* districts.

So we are very much-- It's a coordinate effort between Labor, the unions, ourselves, training groups, and the *Abbotts*. Most of the superintendents actually-- We've asked them, will they hold life skills training in their school classrooms, will they hold it at the schools themselves. And they've offered to do that.

ASSEMBLYWOMAN POU: What guarantee do we have that these apprenticeship trainees will, in fact, be hired by the construction--

MS. FRANZINI: Well, we're looking in terms of our evaluation of contractors -- is seeing have they -- how many-- When they're evaluated at the end-- We encourage, in terms of our bid, that they are hiring people that have gone through apprenticeship programs as part of the evaluation.

And then after the fact, every contractor will be evaluated in terms of his work by our project management firm, by our architect, and by ourselves. And that evaluation is critical, so when they bid on work again, we take that evaluation into consideration. Part of the evaluation was, did they utilize people from the training programs that have been certified and trained to do construction work, so it's going to be part of our evaluation process, as well.

ASSEMBLYWOMAN POU: One last question, Mr. Chairman.

ASSEMBLYMAN DiGAETANO: Please, go ahead.

ASSEMBLYWOMAN POU: Caren, you mentioned-- I think it was you. I'm not sure if it was you or David, but I think it was you. You mentioned that any work under the 55 would fall under the local procurement procedure. Could you just go over that again?

MS. FRANZINI: The EDA is responsible for constructing projects in districts that receive 55 percent or more state aid and in the *Abbotts*. And what I was stating earlier is, those districts that receive less than 55 percent State aid-- But when a grant agreement-- They've gone to DOE, they've approved a project in an under 55 percent district, but they've also won a grant. And we provide the grant piece of it. What we want to ensure is that before State funds are given to that district, that they have followed the local bidding law.

ASSEMBLYWOMAN POU: Okay. I wasn't sure if that's what you were referring to.

Okay.

MS. FRANZINI: The other group that we also make sure they do that is for the *Abbott* districts that do work under a half a million dollars. They have to follow the same local bidding law. And the Department of Community Affairs has developed a wonderful checklist for all the districts to use to make sure they have followed the local law. So they follow the law, and we ensure we only fund those districts that do follow the law.

ASSEMBLYWOMAN POU: Thank you, Mr. Chairman.

ASSEMBLYMAN DiGAETANO: Thank you, Assemblywoman.

Chair of the Assembly Regulatory Oversight Committee,  
Assemblyman Gregg.

ASSEMBLYMAN GREGG: Thank you, Mr. Chairman.

I believe, and I may not have heard correctly, that Heery consulting is not going to be consulting throughout the project time frame, that they're only in for a short period of time. Did I--

MS. FRANZINI: They are here for the first year to do two things. One, to help us set up our processing procedures and to oversee the first wave of the health and safety work. So they will kind of serve as a project manager role for that first wave.

ASSEMBLYMAN GREGG: So, at the completion of that first year, their services will not be required, or will you then review that and determine whether they should stay on longer?

MS. FRANZINI: We'll review to see if there's any procedures that we've worked with that aren't working once we're out in the field. We might ask them to stay on to correct it. But other than that, our feeling is, we're going to go out and bid project management firms. In fact, we'll be bidding project management firms starting in April to oversee some of the health and safety work.

ASSEMBLYMAN GREGG: I understand.

At this point, is there any oversight of Heery on the part of your Department or anyone else?

MS. FRANZINI: We are overseeing them daily.

ASSEMBLYMAN GREGG: As far as your new Departments, you have three Departments: Policy and Communications, Contract Procurement, and Design and Construction. Do each--

MS. FRANZINI: I'm sorry. And a fiscal group, as well.

ASSEMBLYMAN GREGG: And a fiscal group. Okay. Four Departments. Do they have individuals in charge at this point?

MS. FRANZINI: Of the four, I have two directors, one assistant director in the third, and the fourth one does not have a director yet.

ASSEMBLYMAN GREGG: Okay.

MS. FRANZINI: We're staffing up.

ASSEMBLYMAN GREGG: So most of my questions, then, are probably farther out in the future.

Mr. Chair, if I could request that as we get department heads, and as we go through the RFPs for the project managers that will take over or begin to implement what the consulting company has drawn a picture of for us, if we could get that information through the Chair, so perhaps the next time we meet, we'll have information so we can, perhaps, have more good dialogue.

Thank you.

That's all I have.

ASSEMBLYMAN DiGAETANO: Certainly. Thank you, Assemblyman.

Assemblyman Smith.

ASSEMBLYMAN SMITH: Thank you, Mr. Chairman.

I just have one or two questions.

The long-range facility plans that were drafted by the school districts, were they generally done in-house, or did the school districts hire consultants to study and draft the plans?

ASSISTANT COMMISSIONER MORTIMER: I would suspect that almost every district used some degree of professional help, and it varied

from a minimal amount, where they may have had someone who helped them do the conditions inventory of their buildings and walk around and do an engineering review of the building systems, to, in some cases, in very, very large districts, they already have facility folks on staff that probably did the bulk of the work for them. So it ranged from a minimal amount to an extensive amount. But in some cases, the professionals were already employed by the district full-time.

ASSEMBLYMAN SMITH: Do you have an estimate of what the range of cost may have been to come up with this plan and to draft the plan -- taking a very small school district and, let's say, taking a Newark school district?

ASSISTANT COMMISSIONER MORTIMER: The best estimate I can give you, Assemblyman, is that there was a survey done by the Association of School Business Officials where they polled their members to find out. And I believe, if I remember the numbers correctly, and I'll get you a copy of that-- But it was costing about -- somewhere between \$600 and \$6000 a building for a school--

ASSEMBLYMAN SMITH: I'm sorry, how much?

ASSISTANT COMMISSIONER MORTIMER: It was \$600 to \$6000 a building to do it. And some districts were paying some interesting rates, such that I think ASBO, at the time, did their members a good service, because when they circulated the information, districts started to understand that there was some negotiating that they could be doing with their professionals to get prices that were more in line with what their neighbors were expending.

ASSEMBLYMAN SMITH: Are the school districts able to recapture, in any way, some of the cost of the long-range plan through the EDA or through the Department of Education?

ASSISTANT COMMISSIONER MORTIMER: Indirectly they will, to the extent that the documentation that's been gathered is used as a part of a subsequent project application so that the preliminary reviews that were done -- that would have been part of the design spec information necessary for the future repair, if you will -- are part of the project costs, and therefore, part of the reimbursements. But there is a portion of the costs that are not reimbursable to the district.

And that's not new, because the long-range facility plan law has been in place since the early '70s, and districts have been budgeting or proposed budgeting for this for years. This one, though, probably caught several of them by surprise because of the detailed and complex nature of it.

ASSEMBLYMAN SMITH: Do you know what percentage would be able to be recaptured once it becomes a part of the proposal itself?

ASSISTANT COMMISSIONER MORTIMER: I don't. I don't.

ASSEMBLYMAN SMITH: All right.

Thank you.

Thank you, Mr. Chairman.

ASSEMBLYMAN DiGAETANO: Thank you, Assemblyman.

Assemblyman Stanley.

ASSEMBLYMAN STANLEY: Thank you, Mr. Chairman.

First, I want to thank the EDA and the Department of Education for coming.

I think this is a very good first step for our Task Force, Mr. Chairman, and I think that, hopefully, we could have periodic meetings such as this to make sure that we're on line and on target.

There was a question that was brought up, I guess, a couple of months ago, and maybe as recently as a month ago -- it seemed to still be the case -- regarding the safety and health projects. And I just wanted to know, specifically, have there been dollars that have been given to districts at this point regarding health and safety moneys? And if there have, shouldn't the superintendents be aware of these dollars, because it seems to be conflicting information? And maybe you can clear me up as far as that is concerned.

ASSISTANT COMMISSIONER MORTIMER: There are really two groupings of health and safety projects. One falls into that nomenclature pipeline, which was a small group of 44 projects for 12 districts, for which \$17 million was made available. Those superintendents, I believe, are very aware, and we can get you a copy of the 12 districts and the 44 projects, because many of them are under way. And, in fact, the districts have been submitting invoices against that account.

ASSEMBLYMAN STANLEY: When did those-- When were those dollars released? When did that money start to go into the districts?

ASSISTANT COMMISSIONER MORTIMER: July. Letters went out to the districts in July, and they were able to then, by going through the reviews that were required of DCA for the procurement and the code inspections, submit invoices for reimbursement.

The second group of work is the health and safety projects -- the 403. And there's two things that have gone on.

ASSEMBLYMAN STANLEY: Before you continue-- I'm sorry. The 12 districts-- Were those *Abbott* districts or non-*Abbott* districts?

ASSISTANT COMMISSIONER MORTIMER: Yes, all *Abbott* districts -- only *Abbott* districts.

ASSEMBLYMAN STANLEY: Okay.

ASSISTANT COMMISSIONER MORTIMER: And those were things, as we outlined a little earlier-- They had already been moving them forward. In many cases, they had construction awards ready to go, but they didn't have the money. So we established a pool of money from the legislation that you authorized that set aside \$50 million from the PERPAC tax. There were still funds available from FY '99 that we made available so the districts could do that.

ASSEMBLYMAN STANLEY: Can I have the specific projects?

ASSISTANT COMMISSIONER MORTIMER: Yeah, I'll get you a list of the 12 districts and the 44 projects.

ASSEMBLYMAN STANLEY: Okay. I'm sorry.

ASSISTANT COMMISSIONER MORTIMER: The second grouping, which is really the bulk of the health and safety, which are the 403 scopes of work that were developed last year with the districts and Treasury and DCA that were transmitted to EDA in November or December -- two things have happened. One, as Caren pointed out, design awards have begun to move those projects along, somewhere in the \$45 to \$50 million -- \$100 million range. The money doesn't go to the districts, because the districts don't submit the invoices. But the money is set aside for the projects within the districts, so it's being covered.

The second was, as Caren also did-- I think the number was 135 projects in the *Abbott* districts -- were isolated. And the districts were asked, since they were less than a half a million a piece, to let the EDA know whether or not they wanted to manage the acquisition of the services necessary. And if so, EDA would then establish the funding.

I believe the districts have been responding to EDA, and some of them have said, yes, we'll do it, and some of them said, no, you do it. So, in those three ways, money has started to move to address the health and safety needs in the *Abbott* districts.

ASSEMBLYMAN STANLEY: Okay. Can I have the specifics -- the actual projects on those, as well?

ASSISTANT COMMISSIONER MORTIMER: Sure.

ASSEMBLYMAN STANLEY: I think that's a good way for us to sort of keep on target and for us to keep -- to be made aware of what's happening, as far as the fulfilling of our obligation is concerned.

The other question, as far as the one-size-fits-all, I guess, description of what we've mandated, so to speak-- And I know that according to law and according to this implementation process, that this is supposed to be driven by spaces necessary for programs as opposed to dollars driven. But at the end of the day, are we going to be restricted, and are the mechanisms for overriding these pupil square foot dollar allotments-- Is the process going to be so burdensome and the hurdle going to be so high that districts won't be able to get the facilities that they need in order to implement their programs?

ASSISTANT COMMISSIONER MORTIMER: The answer is yes and no. No, for the *Abbotts*, because those don't apply. For *Abbott* special needs

districts, whatever it costs to fix the problem, that's what we'll be expending. So, as Caren pointed out-- Paterson, we think, is demonstrating an excellent model for using academies at the high school level that are smaller, more targeted to a particular educational programming. And frankly, the area allowances per square foot will be in excess of 125, 134, 151, because they demonstrated educationally the need for it. And once they've done that-- That's the only threshold an *Abbott* district has to meet. The cost, then, becomes whatever EDA's best engineering approach is -- can do to make sure that we're doing it in the most efficient manner, as Caren outlined in the various techniques they're looking at.

For the non-*Abbott* districts, it does apply, because the law doesn't allow for that. The non-*Abbott* districts are restricted to only appealing to the Commissioner for preliminary eligible costs, but not for growth per square feet. So, in a non-*Abbott* district, if-- Their litmus is going to be whatever their local voters are willing to pass a referenda for.

ASSEMBLYMAN STANLEY: Thank you.

I just hope that it's as easy as it sounds.

ASSISTANT COMMISSIONER MORTIMER: We're not trying to make it sound easy.

ASSEMBLYMAN STANLEY: In the past, the burden has been pretty onerous in terms of trying to get approval.

The affirmative action requirements-- Are we ensuring, through regulation, that these will be met, and are there penalties for -- are there going to be penalties for contractors who don't meet the requirements? And I might as well put all this in one question.

Apprenticeship programs are very essential. We need to make sure that they come to fruition and that they, too, are included in the regulations. And the fact that local persons are used is essential. It just makes a lot of sense, and I think we're all in agreement that we leverage our dollars when we do all of those things, as opposed to just building quality schools, which is a priority. But there's just so much more that we can do with this program. I just want to know if you're satisfied, and if there are any additional things that can be done that we as either legislators -- can do to improve the act itself to make this happen, or if there are sufficient safeguards already in the regulations.

MS. FRANZINI: Assemblyman, in accordance with the Act, as I know you're aware-- Six months after the Act was signed, we had to send over, to the Legislature, draft regulations of affirmative action, and we met that deadline. However, they're draft regulations.

We also developed with them, recently, our policies and procedures for how to implement affirmative action programs. We have circulated those procedures and have copies for you today, as well, and submitted them to the minority caucus for their feedback.

We're getting a lot of comments on both sides, on the contractors' side for, perhaps, we're asking for too much, and the minority community that might want more, which I think is true with any issue which has conflicting desires and needs, which is why we wanted to distribute it, to get feedback, to get input. We've also submitted to the *Abbott* districts themselves -- to the superintendents, so we could get feedback from them. We'll be gathering all that information before we proceed and analyze it to understand what makes sense.

I will come back with, again, proposals to submit, through the regulatory process on the regulations side, and then develop the procedures to go along with the regulations. So we'll leave you with a copy today. We had sent them to the Task Force, and believe they have some workings to go on, because we have gotten some feedback on both sides of the aisle.

ASSEMBLYMAN STANLEY: Chairman, just two more quick questions.

ASSEMBLYMAN DiGAETANO: Please, go ahead.

ASSEMBLYMAN STANLEY: One, I understand you said that you're still not getting, necessarily, the response from minority contracts, in terms of being prequalified. And I was wondering if the Department, and maybe EDA, or either or, would be willing to do a-- I know you did a workshop of sorts in the very early stages explaining your philosophy, so to speak. Would you be willing to do a, or help us do a nuts-and-bolts type of program or workshop where actual potential contractors and persons can come and actually get some additional information on how they go about getting through the prequalification process?

MS. FRANZINI: Definitely, Assemblyman. And we can talk after about -- there are some organizations -- would like to work us through to do that -- do it on our own, but often find it's best sponsored with another group that has the network to invite people. But we've been doing them and would like to continue doing them.

Thank you.

ASSEMBLYMAN STANLEY: Thank you.

And the final question, Mr. Chairman--

Community schools-- I think that it would be a tremendous disservice for us to undergo all this construction and not take into consideration the needs of the community, as well, where we can, again, leverage our dollars to improve not just the schools, but the communities themselves, as well, and get the most usage out of our facilities.

Do we have enough in the legislation to allow you to do this effectively, or do we need to take some steps to make this a little more doable a process?

MS. FRANZINI: I don't know if I want to open that bill up, but in terms of--

The Department of Education -- and we've worked closely together -- There are a lot of groups-- Let me step back for a minute. Having a law in the works for a couple of years, I think, was beneficial on the community school side, because there's a lot of work going on across the country to understand what are community schools and what they're all about. And there's a lot of workshops happening across New Jersey from a grassroots level of people interested in community schools.

What we've worked out with the Department of Education is that there are certain elements that are purely not education. To have a health facility, to have a really big gym, to have a library that's bigger than the needs of that school is outside the scope of the Act. But it doesn't say we can't build it if we can find funding from other places.

And let me give you an example. Union City, on their own, is building -- has designed a community school that, in the center of the building, is the school facility, and then they have wings for a bigger library, for a bigger

resource center that they got other funds to do. We're looking to take that same model to reach out to some of our major corporations in the State -- "Are you interested?" -- to some foundations.

We actually hired a person only to work on community schools to find funding sources and to work with the district and the cities -- how they can work together. So if the city's about to build a library and the school district builds a library, why don't they work together and have it collocated.

So we're trying to work through those issues. The Department of Community Affairs, Commissioner Kenny and Governor DiFrancesco recently announced the Smart Growth Grants to go out to cities and school districts to work just on those issues and work hand-in-hand with them. So there's a lot of grassroots work out there. There's never enough money to do everything. And we think it's our role to help the districts find other sources of money so we, in fact, can build things that aren't part of a basic school building, but are ancillary, but part of the community.

ASSEMBLYMAN STANLEY: Thank you.

Thank you, Mr. Chairman.

ASSEMBLYMAN DiGAETANO: Thank you, Assemblyman.

I'd like to thank you for that question on cost concerns, because it was partially my concern over the costs, and my big mouth, that got me this Chairmanship when this was being discussed in leadership. I have just a little bit of experience in construction. And my concern was on a couple of scores. But first and foremost, with the magnitude of this project, and we've kind of said it with a smile, but, in fact, it is a fact that there has been, in history, no

project of greater magnitude for school facilities construction and nothing that even comes close to it.

My concern was that with all the work we're going to be putting on the street, so to speak, that we would, by the laws of supply and demand, and the lack of supply, contractors, and workers to perform that work, that we would be driving the costs way up.

I was a little concerned, as well -- I apologize, Madam Director, but I was a little concerned about the EDA's role in this when we passed this legislation. But I have to tell you, today, that I'm quite pleased to see the partnership that has come of this between the authority and the Department. I am pleased to see the progress you've made.

We recognize that this program is in its infancy, and we are going to be doing things in a lot more expeditious-- And we will be doing them in somewhat a fast and furious manner in the next year, as more work gets put on the street.

But I'm pleased today to see the progress that you have made together. I think that's a tribute to some of the personalities that have been put in these roles. So whoever the appointing authorities were in those cases, kudos to those authorities.

This Task Force recognizes, as I said, the infancy of this program, and we expect much greater activity.

We apologize for taking you away from -- you and your staff away from actually administering the program. And while the Task Force will not intrude on the partnership that you have established, the Task Force will continue to exercise its oversight. And as we move along, we anticipate a much

greater interaction than we have had over the last eight and a half months, I guess, while you were really getting this program up and running.

But again, compliments from the Task Force and from the Legislature on what you've done so far. And we wish you good luck and continued success as you move forward.

This Task Force stands adjourned.

**(MEETING CONCLUDED)**