

# The Star-Ledger

## Agency lost \$27M in taxpayer money on land it never used and built school that didn't heat up its first winter, report says

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NJ Advance Media for NJ.com and The Star-Ledger

Published June 2, 2021

A New Jersey agency already reeling from accusations of cronyism has repeatedly failed to effectively monitor construction projects for poor school districts, the state's top corruption watchdog said in a report Wednesday.

For years and under multiple leaders, the Schools Development Authority essentially allowed bad contractors to saddle schools with long-term problems, including severe ventilation issues, the State Commission of Investigation wrote.

The agency also lost more than \$27.5 million on land intended for school projects that were never built, the report said.

Investigators recommended several reforms, including more oversight, in order to fix the office's "damaged integrity."

The Schools Development Authority oversees school construction and renovation in New Jersey's poorest areas. The office made headlines in recent years when CEO Lizette Delgado-Polanco was accused pushing out employees to make room for friends and family. She eventually resigned, and state investigators wrote in a report last year that she worked "with the tacit approval of the Governor's Office" despite "questionable administrative actions, suspect hires and outright managerial malfeasance."

Delgado-Polanco, who led the agency for less than a year, has repeatedly denied accusations of misconduct, including in an affidavit included with Wednesday's review.

Manuel Da Silva, the current CEO, took office in 2019 after Delgado-Polanco resigned. His spokeswoman, Edythe Maier, said only that the report's conclusions were "under review." A representative for Gov. Phil Murphy declined comment.

The new report says the office's problems ran deep.

The \$27.5 million was lost selling land originally purchased in the mid-2000's for unrealized school projects in Asbury Park, Camden, Newark and Trenton, the report said.

An earlier iteration of the agency "had acquired real estate at a rapid pace, often without concern for the cost, the suitability of its location, or any associated expenses," which led to "years of inadequate upkeep and a decline in the real estate market," investigators wrote.

Jaqueline Howard, the agency's director of property management, acknowledged mistakes.

“So, we blighted areas maybe that didn’t need to be blighted because it was poor planning,” Howard testified, according to the report.

Other employees said the process used to monitor construction firms was woefully inadequate, and the report said the agency sometimes ignored valuable input from school staff.

After the Egg Harbor City Community Middle School opened a decade ago, the second floor temperature wouldn’t rise above 59 degrees its first winter, investigators wrote. In the summer, humidity caused dripping ceilings, swollen doors and new mold in instrument cases.

The report said taxpayers ended up having to pay “hundreds of thousands of dollars more to fix shoddy work, botched installations and other lasting problems.”

Adrienne Shulby, the district’s superintendent, declined comment because of ongoing litigation over the issue.

In Warren County, Phillipsburg High School, built at a cost of \$127 million, has “contended with flooding issues, sewer back-ups and electrical issues stemming from the faulty installations of pipes, wiring and other materials,” the report said, and the district now has to pay an outside company \$70,000 annually to run its heating and air conditioning system, in addition to normal energy bills. A district representative didn’t immediately return a request for comment.

Yet the agency sometimes wouldn’t criticize problem companies out of fear of “pushback from contractors” or “fears that terminating a contract for cause could derail a project,” the report said.

In addition, the agency has consistently spent more money building its schools than other districts managing similar projects, the report said.

Investigators concluded the agency needs more oversight, and they called on lawmakers to limit who can be hired as CEO.

Furthermore, while Murphy recently appointed a new member to the agency’s board, three positions remain vacant which makes it harder to keep tabs on staff, the report said.

Since its inception, the Schools Development Authority has upgraded or built more than 850 schools statewide, and it has enough money to finish the 11 projects it promised to finish through 2025, the report said.