



## MEMORANDUM

TO: Directors of the Corporation

FROM: John F. Spencer  
Chief Executive Officer

DATE: December 22, 2004

SUBJECT: New Jersey Schools Construction Corporation  
November Progress Report

### **Introduction**

The month of November marked another month of dynamic activity for the New Jersey Schools Construction Corporation (SCC). Construction notices to proceed were issued in the amount of \$10,059,188, with approvals for design notices to proceed that should eventually result in another approximately \$21,768,404 million worth of construction.

SCC helped 12 local communities in 8 counties with direct property tax relief by executing grants in the amount of approximately \$7.3 million toward projects worth over \$21 million. Beyond marking numerous construction milestones at projects all over the state, SCC testified before 2 legislative committees to share the programmatic progress that continues to be made, as well as organized and co-hosted an event geared toward helping small businesses gain opportunities within the schools construction program.

### **SCC Delivers Progress Report to Legislators** *CEO Discusses Progress and Future Challenges For SCC*

The CEO detailed the tremendous progress New Jersey is making in transforming its public schools, but noted the agency will require additional support to meet its obligation to the state's children, when testifying before two legislative committees in November.

A presentation was delivered to Education committees regarding the SCC's progress since its creation in October 2002. In addition to discussing project highlights, efforts to build business and community opportunities and future challenges facing the SCC, legislators were told that additional funding would be necessary to support the schools construction program.

The progress we are making for our children and our future is because the State of New Jersey had the foresight and courage to invest in the lives of our children, the students of

New Jersey. We have worked hard at the SCC to build modern learning environments in the safest and most expeditious way possible. In just two years, we have built numerous schools, performed hundreds of health and safety repairs and helped revitalize communities throughout this State.

Some of the agency's progress to date:

**2500 School Projects Impacted** – SCC has committed to support 2500 school construction projects at 1700 schools throughout the state for renovations, additions, health and safety work and new construction.

**Opening 50 New Schools** – By the end of 2004, the SCC expects 50 new schools to open.

**More than 350 Health and Safety Projects Completed** – By the beginning of the 2004 school year, SCC had performed \$660 million worth of health and safety repairs.

**940 Early Childhood Classrooms** – SCC is creating enough classroom space to serve more than 14,000 early childhood students.

**Six School-Based “Demonstration Projects”** – SCC is supporting six demonstration projects in Union City, Trenton, Vineland, New Brunswick, Camden and East Orange worth more than \$500 million. Designed as catalysts for community revitalization, these projects incorporate community design features and local redevelopment efforts into the construction of a new school facility.

SCC has worked hard to live up to our commitment to build 21st Century schools in the safest and most cost-effective manner possible. However, there were a number of factors not considered in the original legislation that have impacted our financial resources.

It was noted that land acquisition, remediation and relocation were not considered in the original legislation that set up the program, as well as pre-school facilities and temporary classroom units. While the school construction program has progressed, a number of challenges have impacted the financial resources of the program, including a rise in the cost per square foot at school facilities, inflation and raw materials. For example, when the program was established, initial cost per square foot projections were set. Due to rising costs, the actual cost per square foot turned out to be much higher.

Legislators were also informed the program has worked hard to keep administrative costs low and provided an accounting for how the agency is spending the \$8.6 billion originally allocated to support the program, including design, construction and administrative costs. SCC highlighted a number of its creative efforts underway to save money, build schools more efficiently and environmentally responsible and reduce costs.

Moreover, it is anticipated by January of 2006 SCC will no longer be able to commit funds toward any new school projects and that continued funding for the program would be necessary to maintain momentum and keep it on track.

SCC is also working to ensure that communities and businesses in the state are partners in the school construction program. The agency has a number of initiatives in place to support small, women and minority business enterprise (SBE) participation in SCC's projects, including an owner controlled insurance program, a minority- and women-owned business contractor training program, a bonding and working capital program, and a new mentor/protégé program.

The benefits of school construction are clear. We're building better schools for the children of New Jersey. We're building stronger communities. And we're building a robust economy. The money originally allocated for this program was a strong start and put us on the right path. We've already seen tremendous success with this program, but there is still much work to be done to make the program an even greater success.

### **Dedication for New Barnegat High School**



*State Funded \$21.1 Million toward Township's 1<sup>st</sup> High School*

The new Barnegat High School – the first high school in the Ocean County township – was formally dedicated and open for tours Saturday, November 13 before the football game between Barnegat and Colts Neck.

The ribbon-cutting included school district and local officials, students, teachers, community supporters, SCC representatives and others who helped make the school a reality. SCC funded \$21.1 million toward the \$31.1 million project.



New HS Media Center

The new 156,000-square-foot facility, which opened in September, has a capacity for 1,000 students who are being phased in over a four-year period. Only freshmen are attending this school year, with 10<sup>th</sup> through 12<sup>th</sup> grade students continuing to attend Southern Regional High School in Manahawkin. Since an additional class will be added each year to Barnegat High School, this year's crop of new freshmen represents the high school's first graduating class of 2008.

**SCC, Neptune Educators Break Ground  
For \$22 Million Summerfield Elementary School**



*SCC's First 'Design-Build' Project Marks Final Phase  
Of District Expansion Fully Funded and Managed by the State*

SCC representatives also joined Neptune Township School District officials, students, teachers and community supporters at a groundbreaking ceremony to mark the start of construction of Summerfield Elementary School. The unique \$22 million design-build project marks the final phase of a district-wide expansion SCC is fully funding and managing through the school construction program.



This is SCC's first venture into design-build, a cost-effective approach that could shave up to a year off the traditional process of design, bid and award while producing a 21<sup>st</sup> century school.

Plans for the new Summerfield Elementary School call for the construction of a 109,000-square-foot, three-story barn-shaped building that will provide 21<sup>st</sup> century educational opportunities for up to 736

students in pre-Kindergarten through 5<sup>th</sup> grade. It will feature a farm-themed design incorporating LEED (Leadership in Energy and Environmental Design) guidelines. Aside from traditional academic spaces, it will include a garden, with sections of the building exposed for students to study the various designs and materials used as part of their curriculum.

Other projects in Neptune Township's long-range facilities plan being fully funded and managed by SCC include: the recently opened Neptune Early Childhood Center (\$7.4 million) and Neptune High School Annex (\$5.5 million); the current expansion of Neptune High School (\$47 million) and Shark River Hills Elementary School (\$8.2 million); and the ongoing construction of Neptune Community School (\$31 million.)

SCC Board of Directors has awarded the Summerfield design-build contract to Patock Construction Company of Tinton Falls, NJ, which will work together with EI Associates, Architects and Engineers, of Cedar Knolls, NJ as one unit. SSP Architects of Somerville, NJ, will serve as bridging architect under a \$249,500 contract to oversee the project and

monitor its progress on behalf of SCC. Gilbane Building Company is the project management firm.

Under the scope of the contract, Patock has agreed to complete the school within 22 months. Through the design-build approach, Patock and EI Associates will work as a team to evaluate alternative efficiencies, materials and concepts aimed at producing a higher quality facility and a lower cost. Time is saved for the project by an overlap in the construction and design processes. Since the design-build team has guaranteed the price and schedule ahead of time, it must meet both of these for additional costs savings.

Traditionally a school project design takes 12 to 15 months, and construction another 22 months, with building materials obtained throughout the process. Using the design-build approach where the construction and design process overlap, design time can be halved and construction accelerated up to 75 percent using pre-purchased materials. This means the entire process could be completed in 22 months – since the foundation, enclosure and other construction can be done and ready for finishing while the design is in progress.

The design-build approach provides SCC with a single source of responsibility for quality, cost and scheduling control. It is becoming the preferred procurement method for large federal contracts. Federal Agencies like the Navy, GSA and NIH have adapted it as their standard process since it has the contractor/builder working at a single point of risk.

**SCC, Elizabeth Educators ‘Top Off’ School #29**  
*Ceremony Marks Progress of City’s 1st New Elementary School*  
*Under New Jersey’s \$8.6 Billion School Construction Program*

SCC and Elizabeth School District officials held a “topping off” ceremony November 30<sup>th</sup> to mark the progress of construction of Elizabeth Elementary School #29 – the city’s first new elementary school to come on line under the school construction program.

The last beam of the structural steel was put in place for the new \$31.4 million Elizabeth Elementary School #29 on a 2-acre parcel on North Broad Street. The project is on schedule for substantial completion by fall 2005, with student occupancy targeted for January 2006.

The new 118,400-square-foot, three story school will provide 21<sup>st</sup> century educational opportunities for 750 students in pre-Kindergarten through 8<sup>th</sup> grade. It will include general classrooms, small-group instruction areas, a media center, art and music rooms, science labs, computer labs, a cafetorium with stage, a practice kitchen, a main and auxiliary gym and playgrounds. It also will include underground parking with 139 parking spaces.

Elizabeth’s first school facility built through SCC was an Early Childhood Center at School #44 that opened this past September for 300, 3- and 4-year-olds. The 56,000-square-foot ECC includes 20 classrooms, a large multi-purpose room, soft-surface play courts, a full-service kitchen, small-group instructional spaces and administrative and faculty areas.

SCC, initiated in 2002 to streamline the building of much-needed quality schools statewide, also has two other elementary schools under construction here: Elizabeth School #30, a \$28.3 million project, a 119,660-square-foot facility located on a 3-acre parcel at 1200 North Avenue; and Elizabeth School #31, a \$34 million project, a 121,000-square-foot facility on a 5.5-acre parcel at 1000 South Elmora Avenue.

**500 Green Grove Students Take Part in ‘Beam Signing’  
State-Funded, Managed \$10 Million Expansion Project  
*Nearing Completion at Neptune Township Elementary School***

Over 500 students participated in a similar “beam signing” November 30<sup>th</sup> to mark the progress of construction of an addition and renovations to Green Grove Elementary School in the Neptune Township School District.

During the school day, students in Kindergarten through 5<sup>th</sup> grade signed a steel beam that will become a permanent part of the new 21,700-square-foot addition to the school.

The project, scheduled for completion by March 2005, includes renovations to an existing 36,000-square-foot area of the school on Green Grove Road. The addition includes classrooms, cafetorium and gym; renovations include new ceilings, lighting and air-conditioning throughout. The \$10 million project is fully funded and managed by SCC.

### **Construction Update**

#### **Construction Starts**

SCC awarded 5 construction packages in 4 districts during the month of November. The total bid amounts the projects was \$10,059,188. These awards will involve work at 5 schools in various districts including: Harrison, Camden, Irvington and Hoboken.

**As of November 30, 2004, SCC has entered into 421 construction contracts that total \$1,988,086,957.**

#### **Contractor Procurement**

The SCC advertised 3 construction packages for 3 school districts in the month of November, which will impact the same number of schools. (Exhibit B.)

Design bids were sought for 4 schools in 2 districts in November as well. (Exhibit C.)

#### **Design update**

At its regular meeting on November 24<sup>th</sup>, SCC Board of Directors approved a design contract and construction administration contract the Spector Group for school in the Elizabeth School District. The new PS #22 Gifted and Talented school for student grades

2 through 8, will have student occupancy of approximately 750 and is envisioned to be a 120,396-square-foot facility with a current cost estimate of roughly \$27.4 million.

SCC also issued 2 notices to proceed for design contracts in the Garfield school district. Work for the New Woodrow Wilson #5 Elementary School and the Abraham Lincoln #6 Elementary School has a combined construction cost estimate valued at \$21,768,404.

**As of November 30, 2004, SCC has entered into 265 design contracts with a total value of \$334,914,910, as well as assumed an additional 74 architectural assignments that totaled \$98,686,016.**

### **Predevelopment & Land Acquisition**

At the November Board meeting, the directors granted contingent approval for land acquisition to take place for several projects. One such approval was for a 1.55-acre tract of land for Elementary School #5 in the City of East Orange. The new school will be a 81,00 gross square foot facility that will serve 516.

Another acquisition contingently approved at the Board's November meeting was for .52 acres in Newark. This property is adjacent to the Gladys Hillman-Jones Elementary School and will be used for the proposed expansion of the facility. The building's expansion will entail an estimated 23,937 square foot, 2-story facility. The ground floor of the expansion will serve mostly as auditorium space with second floor for classrooms. The new addition is in conjunction with a renovation to the existing 4-story facility.

**As of November 30, 2004, SCC has entered into 1,222 site acquisition contracts for appraisals, site evaluations, environmental investigations, title services and actual acquisitions totaling \$254,147,484.**

### **School District Grants**

SCC executed 23 Section 15 grants with 12 districts that receive less than 55% of their funding in state aid. The total project costs for these grants are expected to be \$21,067,283, with a state share anticipated to be worth \$7,341,751 of that total.

Several districts received multiple grant awards in November. Union Township in Union County will receive 9 grants for projects at their schools. The total projects costs are expected to be \$299,882, with a state share of \$119,951. Dover Town schools in Morris County will receive \$5,962,367 toward 2 projects, worth \$18,187,295. Lindenwold Borough schools in Camden County will receive 2 grants with total project costs of \$1,094,839, of which the state will pay \$661,207.

**As of November 30, 2004, the SCC has executed 1,702 Section 15 grant agreements with districts that receive less than 55% of their budget in state aid for total project amounts of \$5,224,278,044, for which the state share totaled \$1,614,707,382. In 2004 alone, 169 districts in 20 counties received \$346,381,999 in direct property tax relief as the state share for projects that totaled \$1,130,247,559.**

### **Office of Diversity and Emerging Business Markets**

#### **SCC and Building Contractors Association of NJ Hold Workshop to Boost Participation Of Small Businesses in School Construction Program**



Nearly 400 representatives from 212 small business enterprise (SBE) corporations attended a Small Business Workshop on November 23<sup>rd</sup> hosted by SCC and Building Contractors Association of NJ (BCANJ) to learn more about work opportunities available to them through New Jersey's unprecedented school construction program.

At the free event, SCC also unveiled its new Mentor/Protégé Program that pairs up large construction firms with SBEs to teach them how to grow their businesses, participate in larger construction projects and possibly bid on larger jobs as prime contractors.

The program was devised with the philosophy that the best way to learn how to manage large, multi-million dollar contracts is to work hand-in-hand with individuals who do it every day. It is hoped these mentor/protégé relationships will last for many years to come and really help grow smaller businesses.



*Jack Kocsis, BCANJ Chief Executive  
Officer and SCC Chairman*

Jack Kocsis, BCANJ Chief Executive Officer and SCC Chairman, joined New Jersey Attorney General Peter Harvey, Janet Share Zatz, Deputy Commissioner of Labor and Workforce Development Dan Kirton Jr., Vice President of Business Services & Urban Programs at the Commerce Department, in discussing how small, minority-owned and women-owned businesses can participate in the SCC's unprecedented school building program.

The message to attendees was clear that the SCC has been working hard over the past two years to create programs that will help small, minority- and women-owned businesses

grow. Moreover, the state's school construction program is not just about building schools. It's also about creating job opportunities.

While the SCC has exceeded the state goal for SBE participation, clearly more work needs to be done to ensure that there is more diversity in the number of small businesses participating in the school construction program. SBE participation in SCC projects across the State exceeded 33% (\$350 million in SBE participation on \$1.07 billion in construction contracts) from June of 2003 to June 2004. The agency is also supporting programs designed to provide workforce training in construction trades.

Other successful SCC programs for SBEs include:

- **Office of Diversity** – SCC created this office to focus solely on diversity. SCC provided the office with strong leadership and restructured it to reflect the agency's ongoing commitment to small, minority-owned and women-owned businesses. Through this office SCC has developed a wide variety of programs to assist these SBEs in becoming a part of the program.
- **Bonding and Working Capital Program** – Enhances the ability of small, minority and women-owned firms to compete by acquiring surety bonding and working capital through access to free technical and financial assistance;
- **Owner-Controlled Insurance Program** – Provides general liability and builder risk insurance for companies, including SBEs, who otherwise may not be able to obtain it.



The SBE workshop, held at the NJ Convention Center Expo Hall in Edison, featured two-dozen general contractors who conducted one-on-one guidance sessions, and breakout sessions that addressed how to do business with SCC, how to compete for work once qualified, and testimonials by contractors doing business with the SCC.

For more information about small business programs of SCC, visit [www.njscc.com](http://www.njscc.com) or call the Office of Diversity at 609-292-1680.

### **Conferences/Presentations**

Professional Engineers Society of Mercer County, 11/3/2004, West Windsor

Empowerment & Inspiration 2004, 11/4/2004, Trenton

Regional Alliance for Small Contractors, 11/4/2004, West Paterson

2004 NJ Education Association Convention, 11/4-5/2004, AC

SCC Camden School Construction Conference, 11/6/2004, Camden

Statewide Education Issues Organizing Conference, 11/7/2004, New Brunswick

Geothermal Training, 11/10/2004, Edison

American Subcontractors Association of NJ Awards Dinner, 11/13/2004,  
Whippany

NJ State League of Municipalities, 11/15-18/2004, AC

Masonry Contractors of NJ Trade Show, 11/17/2004, New Brunswick

Gloucester City Public Meeting, 11/17/2004, Gloucester City

SCC Camden School Construction Conference, 11/20/2004, Camden

Subcommittee on School Facilities and Construction, 11/22/2004, Trenton

Building Contractors Association Small Business Enterprise Expo, 11/23/2004,  
Edison

Public Planning Board Hearing, 11/23/2004, Orange

Jersey City Board of Education, 11/29/2004, Jersey City

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John F. Spencer

Prepared by: George Strachan

Attachments

## **Construction Award Status Report**

<b><u>District</u></b>	<b><u>Schools</u></b>	<b><u>Description of Work</u></b>	<b><u>Contract Award</u></b>	<b><u>Notice to Proceed</u></b>
Harrison	New Harrison High School (-x01)	All permanent fencing for the New Harrison High School and Athletic Fields.	\$526,000.00	11/4/2004
Hoboken	Hoboken H.S.	Renovation of High School track.	\$383,000.00	11/8/2004
Camden	Lanning E.S.	Demolition of 1 building: elementary school building two story, slab on grade reinforced concrete structure with masonry infill, approximately 76,422 sq.ft., built in 1966. Demolition Contractor must be registered as a SBE by the Department of Commerce by the time of award.	\$444,888.00	11/10/2004
Harrison	New Harrison High School (-x01)	All site work related to the construction of the New Harrison High School and Athletic Fields.	\$8,276,300.00	11/15/2004
Irvington	Augusta E.S.	General Construction work including providing temporary facilities, site work, electrical and plumbing demolition. Work will require close coordination with other Primes: (1) Building Demolition and (2) Abatement.	\$429,000.00	11/22/2004

**Construction Bid Advertising and Bid Due Dates as of December 23, 2004**

Package #	District	Description of Work	# of Schools	Advertised Web Date	Advertised Newspaper Date	Bid Due Date
NE-0002-C01	Newark	First Ave TCU	1	11/5/04	11/10/04	11/30/04
NT-0013-P01	Passaic	Dayton Avenue School Campus Beth Israel Hospital Site Preparation	1	11/22/04	11/26/04	12/20/04
ES-0001-C02	Irvington	Alterations at University E.S.	1	11/22/04	11/26/04	11/22/04

**Design Bid Advertising and Bid Due Dates as of December 23, 2004**

Package #	District	Description of Work	# of Schools	Advertised Web Date	Advertised Newspaper Date	Form 200 Due Date
ET-0076-A01	Plainfield	Woodland E.S.	1	11/9/04	N/A	11/12/04
NE-0039-A01	Newark	Chancellor Ave/ Miller St./ 13 <sup>th</sup> Ave	1	11/10/04	N/A	11/12/04
NE-0040-A01	Newark	Franklin/Elliott St./Rafael Hernandez	1	11/12/04	N/A	11/15/04
NE-0041-A01	Newark	Avon Ave/William Brown Academy/Lafayette St.	1	11/12/04	N/A	11/15/04