



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY



A New Era of School Construction in New Jersey Forges Ahead

Biannual Report of the School Facilities Construction Program

For the period of April 1, 2012 through September 30, 2012

Mission Statement

Our mission is to deliver high-quality educational facilities that best meet the needs of the students of the State of New Jersey. While providing efficiently designed facilities that enhance the academic environment, we promote fiscal responsibility in the management of taxpayers' resources.

Vision Statement

The NJSDA will be a resource and guide for consistency in sound school design and construction practices for districts across New Jersey, transparent in our efforts as a staunch steward of taxpayer funds.

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A Message from CEO Marc Larkins



Due to the reforms implemented by the Christie Administration, the Schools Development Authority (SDA) is now a state agency that is forging ahead with a responsible and efficient school construction program for the children of New Jersey. Every action taken by the Authority is aimed toward the advancement of school construction projects throughout the state in a manner that will provide the students with the facilities they need while maintaining accountability for the most prudent use of the state's limited resources in a fiscally

responsible way.

The past six months were highlighted by the advancement of ten school construction projects that represent more than \$600 million in estimated total project costs. This includes advertisements for construction, the start of early site work to prepare sites for future construction, demolition activities, and construction. The volume of work that will result as these projects move forward will play a key role in helping to stimulate the economy and creating jobs while serving New Jersey's children.

In September 2012, I joined Governor Christie, Superintendent Michael Salvatore and George Catrambone to break ground for the George L. Catrambone Elementary School in Long Branch, New Jersey. I am pleased to announce this project as the first school facility to begin construction following the implementation of new processes and procedures to help ensure efficiency and cost effectiveness.

The Long Branch project has since been followed by the advertisement or construction advancement of major capital projects in Elizabeth, Jersey City, Keansburg, Paterson, New Brunswick and Phillipsburg. By the end of 2012, the SDA expects to have advertised or awarded pre-construction or construction activities on all but one of the projects announced in the 2011 portfolio and three of the projects announced in the

2012 portfolio. This pace far exceeds any from past administrations while also maintaining fiscal integrity.

Capital Projects in SDA Districts only represent part of the impact SDA makes on school facilities throughout the state. The Emergent Project Program and the Regular Operating District (ROD) Grant Program continue to provide much-needed resources to improve New Jersey's educational infrastructure. With a revamped Emergent Project Program in place, we are happy to also announce the advancement of 18 projects from the list of Emergent projects announced in March of this year, by delegating grants to the local school districts. Lastly, since the Christie Administration restarted the ROD Grant Program in May 2010, the SDA has executed 867 grants in 236 districts across the state. These grants have impacted all 21 counties, providing nearly \$274 million in state funds, leveraging total project costs of more than \$634 million.

SDA has not ignored this recent intense time of crisis in New Jersey. In the aftermath of Superstorm Sandy, the SDA has partnered with the New Jersey Department of Education (DOE) and the Governor's Office to assist New Jersey's school communities in any way it can. SDA has also partnered with the Federal Emergency Management Agency and the Army Corp of Engineers to provide technical and state specific guidance as requested.

The SDA remains committed to providing New Jersey's schoolchildren with the quality facilities they need to realize their educational potential. Together with district, local and state entities, we are collaboratively working to maximize the State's resources. I look forward to this continued partnership as we strive to improve our schools while contributing to the economic recovery of the state.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Larkins", with a stylized, cursive script.

Marc Larkins

A New School Year = New Facilities

SDA Districts Benefit From New Schools

This September saw the opening of new facilities and educational spaces throughout New Jersey. SDA overcame significant challenges to open two schools on time for students this September. These projects represent a state investment of more than \$110 million and will impact more than 1,400 students.

Public School Number 3 in West New York (Hudson County)

West New York Public School Number 3 opened its doors to more than 700 students in grades pre-kindergarten through sixth on September 6, 2012. West New York Superintendent John Fauta expressed his excitement about the opening. “This building is a marvelous addition to the community and will go a long way toward relieving the severe overcrowding that exists in the district.”



Construction of Public School Number 3 in West New York

The completion of the West New York Public School Number 3 was an accomplishment for the SDA. With the Christie Administration committed to bringing this project to completion, the SDA was able to overcome significant delays that had occurred in the advancement of this project. Through close collaboration with state and local partners, the SDA was able to resolve major issues that would ensure student safety and facilitate the completion.

The 110,120 square-foot facility includes 42 general and special education classrooms, a gymnasium, a cafeteria, an auditorium, science labs, a music room, instructional rooms, computer labs and an art room.

Colin Powell Elementary School in Union City (Hudson County)



Construction of Colin Powell Elementary School in Union City

In Union City, more than 700 students in grades kindergarten through fifth began their school year at the new Colin Powell Elementary School. The building includes 39 general classrooms, special education spaces, two computer labs, one science demonstration lab, special instructional rooms, gymnasium, cafeteria, kitchen, elevators, and a roof top play area.

Following demolition of the former Columbus Elementary School and other structures to make way for the new 121,505 square foot facility, the project encountered delays during excavation work. Through the hard work and commitment of SDA staff, the school opened this September. The Colin Powell Elementary School demonstrated its value to the community recently when the building was utilized as an emergency shelter by the American Red Cross during Superstorm Sandy.

Additions Provide Needed Space at New Jersey Schools



SDA visits School Number 2 in Linden

SDA celebrated with district and local officials at the openings of new spaces at two ROD schools this September, one in Linden (Union County) and the other in Buena Regional School District (Atlantic County). These additions were possible due to more than \$7.3 million in state resources which leveraged the local investment.

School Number 2 in Linden (Union County)

While touring a new addition to School Number 2 in Linden, SDA officials had the opportunity to visit with a class of first grade students. “We love it!” “It is bright and clean.” “I like my desk.” These were just a few of the comments that were heard as the class expressed their excitement and their appreciation for their new learning environment.



SDA tours School Number 2 in Linden

The 33,527 square-foot addition is providing students in pre-kindergarten through fifth grades with exceptional educational spaces. The new structure is connected to the original school and includes 19 classrooms, one pre-kindergarten handicapped classroom, one gross motor skills room, three small group instruction rooms, a nurse’s suite and school offices.

Dr. J.P. Cleary Elementary School in Buena Regional School District (Atlantic County)



Dr. J.P. Cleary Elementary School

At the other end of the state, students at the Dr. J.P. Cleary Elementary School in Minotola, celebrated the opening of an addition/renovation project that provided them with a new cafeteria, specialized classrooms and alterations to portions of the original school. Originally named the Minotola School, the building was first erected in 1928 and numerous additions were made over the years. The \$4.9 million state grant provided by the SDA enabled the Buena Regional School District to make improvements while easing the burden on local taxpayers and creating jobs for New Jersey’s construction industry.



New cafeteria at Dr. J.P. Cleary Elementary School

Forging Ahead On \$2 Billion of Projects

\$500 Million in Projects in Six Months

During this reporting period, the Authority's work proceeded at a vigorous pace. In September, Governor Christie joined SDA and district officials at a groundbreaking ceremony for the new George L. Catrambone Elementary School in Long Branch (Monmouth County). This is the first school facility to enter into construction following the implementation of key reforms instituted at the SDA by the Christie Administration.

At the Catrambone groundbreaking, Governor Christie also announced that \$500 million in projects would either start construction or be advertised for construction in the subsequent 6 months. Those projects are listed within this section of the report.

Progress on Portfolio Projects

Currently, the SDA's portfolio represents more than \$2 billion worth of projects throughout the state's SDA Districts and RODs. This includes projects in the 2011 and 2012 Capital portfolios, other capital projects, the emergent program, and ROD grants. Work is ongoing across all 21 counties in hundreds of schools throughout the state.

In March 2011, ten projects were identified for advancement as part of the 2011 portfolio, along with an additional 20 projects identified in 2012. Following these announcements, the SDA began extensive working group efforts with the DOE and the local school districts to ensure that all project details were appropriate in an effort to move these projects toward construction.

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"Over the next six months, New Jersey's construction industry will benefit from an investment of more than \$500 million dollars in school facilities projects that will either start construction, or be advertised for construction throughout the state, boosting the Garden State economy and creating jobs."

-Governor Chris Christie at a
Groundbreaking in Long Branch

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During the reporting period, construction activities on seven of the ten projects from the 2011 portfolio were either advertised or awarded. This includes awards for the

construction of the Long Branch George L. Catrambone Elementary School (Monmouth County), an early site package for the Elizabeth Academic High School (Union County), demolition work for Paterson Public School Number 16 (Passaic County), an early site package for Paterson Marshall Street Elementary School (Passaic County), an early site package for Newark Oliver Street Elementary School (Essex County) and demolition activities associated with the West New York Harry L. Bain Elementary School (Hudson County). It also includes advertisements for an early site package for Jersey City Public School Number 20, an early site package for Jersey City Elementary School 3 (Hudson County), the construction of the Elizabeth Academic High School (Union County), and for design-build services for the New Brunswick A. Chester Redshaw Elementary School (Middlesex County).

In addition, after extensive collaboration with the Bridgeton school district and the DOE, in August 2012, the SDA Board approved a revised scope to address the District's Elementary School needs, improving upon the project originally identified for Bridgeton (Cumberland County). The 2011 portfolio included a replacement school for the Cherry Street Elementary School. After further evaluation and validation, it was determined that the district's overcrowding needs could be better met through additions at Bridgeton's Buckshutum Road Elementary School and Quarter Mile Lane Schools. The advancement of these projects will fully address all current and projected capacity needs in the district.

During the reporting period, the SDA also advanced an advertisement for the construction of a new Phillipsburg High School (Warren County), a project from the 2012 Portfolio. With a construction cost estimate of \$87,097,636, the Phillipsburg High School project is one of the largest construction projects to advance in New Jersey this year, and will provide the state with much-needed construction-related jobs.

For the remaining projects in the 2012 portfolio, the SDA is continuing working group discussions to validate plans for the projects identified for advancement – particularly for the seven districts where a capacity need for a particular grade level was identified but the specific project was not. The SDA also expects to advertise for design-build of the Elliott Street Elementary School Project in Newark before the end of the year.

Capital Projects Advertised During the Reporting Period
April 1, 2012 - September 30, 2012

District	General Description	Original CCE	Advertisement Date	Proposal/Bid Due Date
Elizabeth	Elizabeth Academic H.S.	\$53,500,000	7/11/2012	10/4/2012
Greater Egg Harbor	Cedar Creek H.S. – Alterations to Storm Water Infiltration Basin	\$464,000	7/17/2012	8/15/2012
Jersey City	P.S. 20 - Early Site Package	\$1,351,602.50	4/17/2012	5/16/2012
Jersey City	E.S. #3 - Early Site Package	\$2,776,200	6/25/2012	8/1/2012
New Brunswick	New A. Chester Redshaw E.S. (Design-Build)	\$41,411,806	5/30/2012	8/8/2012
Newark	Oliver Street E.S. -Early Site Package	\$2,362,831	6/27/2012	8/2/2012
Passaic	New E.S. at Henry Street	\$27,502,475	9/28/2012	11/27/2012
Paterson	Marshall St. E.S. – Early Site Package	\$101,626	6/13/2012	7/11/2012
Phillipsburg	New Phillipsburg High School	\$87,097,636	9/27/2012	12/6/2012
West New York	Warminster Bldg. Demolition	\$1,427,167	5/8/2012	6/1/2012

Capital Project Contracts Awarded During the Reporting Period
April 1, 2012 - September 30, 2012

District	Description	Contractor	Contract Date	Original CCE	Bid/Award Amount
Camden	Morgan Village M.S. - Demolition	USA Environmental Management	05/21/12	\$2,484,506	\$1,870,886.50
Elizabeth	Elizabeth Academic H.S. – Early Site Package	Luzon, Inc.	04/16/12	\$2,215,000	\$1,587,500
Greater Egg Harbor	Cedar Creek H.S. - Storm Water Infiltration Basin	Silverlands Services, Inc.	09/20/12	\$464,000	\$394,444
Jersey City	P.S. #20 - Early Site Package	Silverlands Services, Inc.	07/20/12	\$1,351,602.50	\$874,444
Long Branch	George L. Catrambone E.S.	Terminal Construction Co. Inc.	05/31/12	\$ 33,201,924	\$27,500,000
Newark	Oliver St. ES - Early Site Package	Silverlands Services, Inc.	09/13/12	\$2,362,831	\$1,844,444
Paterson	P.S. #16 - Demolition	Tricon Enterprises, Inc.	06/14/12	\$2,288,170	\$1,376,000
Paterson	Marshall St. E.S. – Early Site Package	Earle Asphalt Company	08/22/12	\$101,626	\$82,013.13
West New York	Warminster Bldg. Demolition	Tricon Enterprises, Inc.	07/20/12	\$1,427,167.67	\$1,350,000

Protecting New Jersey's Educational Infrastructure Through Emergent Repairs



Announcement of Emergent Repairs at Wilson Avenue School

New Jersey is home to at least 150 school buildings that are more than a century old. While many of these structures are strong, with age comes the need to address facility issues. The Christie administration is committed to maintaining a quality educational infrastructure so students can excel. Keeping children

comfortable in their school buildings is essential to providing an appropriate learning environment.

In the aftermath of Hurricane Irene in August 2011, it became evident that the Newark Wilson Avenue School (Essex County) was in need of significant repairs to the exterior of the facility to prevent future water infiltration. As part of the SDA's Emergent Project Program, the SDA and DOE were able to advance a project that would address the water infiltration issues resulting from building envelope deficiencies at the school.

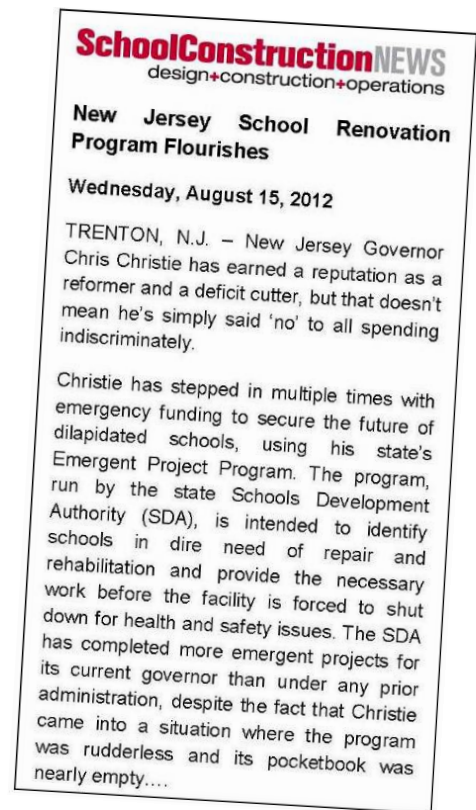
In August 2012, CEO Marc Larkins joined Newark Superintendent Cami Anderson, Assemblyman Albert Coutinho and other local officials to announce the start of more than \$1.9 Million in emergent repairs at Wilson Avenue School. The repairs to this 19th century building were made possible due to a collaborative effort between the leadership of Newark Public Schools and the SDA. The project included the replacement of 131 original wood frame windows, significant exterior masonry work, roof repair, gutter and downspout repairs and/or replacement. During the reporting period the SDA also issued notices to proceed for HVAC work at East Camden Middle School (Camden County) and window replacements at Public School Number 6 in Paterson (Passaic County).

Following the announcement of the 2012 Emergent Project Program, the SDA is advancing these projects at a pace that far exceeds that of previous administrations. In March 2012, a list of 76 potential emergent conditions was announced. That list has been pared down to 68 projects due to certain schools being taken offline or the projects having been completed by the district. Of the 68 remaining, the SDA delegated 18 projects to the local districts for management during the reporting period and expects to delegate an additional 19 before the end of 2012.

The SDA has procured environmental consultants to develop abatement designs to allow for the advancement of SDA-managed repair/replacement activities at Ridge Elementary School and Hawkins Elementary School in Newark (Essex County), Public School Number 1 and Public School Number 5 in West New York (Hudson County) and Trenton Central High School West (Mercer County). This environmental plan design work is necessary before replacement/repair activities can advance to ensure the health and safety of the building occupants. In addition, the SDA advertised three projects through the SDA's task order pool during the reporting period. This includes a switch gear refurbishment at West Side High School in Newark (Essex County), HVAC upgrades to address air quality levels at Alma Flagg Elementary School in Newark (Essex County) and gutter repairs at Sharp Elementary School in Camden (Camden County). The remainder of the projects is undergoing scope confirmation and development by SDA staff.

Addressing SDA's Property Portfolio

When the State's school construction program was established in 2000, the state invested in hundreds of parcels of properties throughout the SDA Districts, anticipating their use for school facility projects. The SDA maintains a portfolio of



properties, some of which are currently earmarked for projects included on the capital portfolios and some which are not. In either case, the SDA is committed to ensuring the public's safety through the advancement of work on these sites as needed.

In 2004, the SDA purchased a property in West New York with the intent to demolish the building on site and provide a replacement school for the district's Harry L. Bain Elementary School. The Bain project was selected for advancement in the 2011 Capital Portfolio, however ongoing discussions with the district have led to a potential rehabilitation and renovation of the existing Harry L. Bain Elementary School in lieu of the construction of a new facility. While the SDA will now be able to fulfill this district's need in a more cost-efficient manner without building a new school, SDA remains dedicated to protecting the health and safety of West New York residents through the demolition of the dilapidated building. Therefore, a notice to proceed was issued in August 2012 for the demolition of the former Warminster building, a four-story, 102,000 square-foot warehouse.

During the reporting period, the SDA also completed demolition activities at a site in Jersey City. The work in Jersey City included the demolition of a former bank building and train station. Since the buildings were severely deteriorated, the abatement and demolition of these properties was essential to guaranteeing the health and safety of Jersey City residents.

When appropriate and possible, the SDA is also working with local municipalities to make temporary use of SDA-owned properties that are not currently being used for school facilities projects. One example of this effort is a recently executed Use and Occupancy agreement with the city of Newark for temporary use of a property in the Ironbound section of the city. This agreement will allow the city of Newark to work with the Greater Newark Conservancy to develop an urban garden. This type of agreement will allow the City of Newark to provide education and nutrition for residents, with SDA maintaining ownership of the site.



Demolition activities in Jersey City.

Serving as a Partner to Regular Operating Districts (RODs)



ROD Grant Announcement Event in Brick Township

Another important aspect of the SDA's ongoing portfolio of work is the execution of grants to RODs throughout the state. The Christie Administration is committed to partnering with local districts to positively impact school facilities in all of the State's 21 counties. These

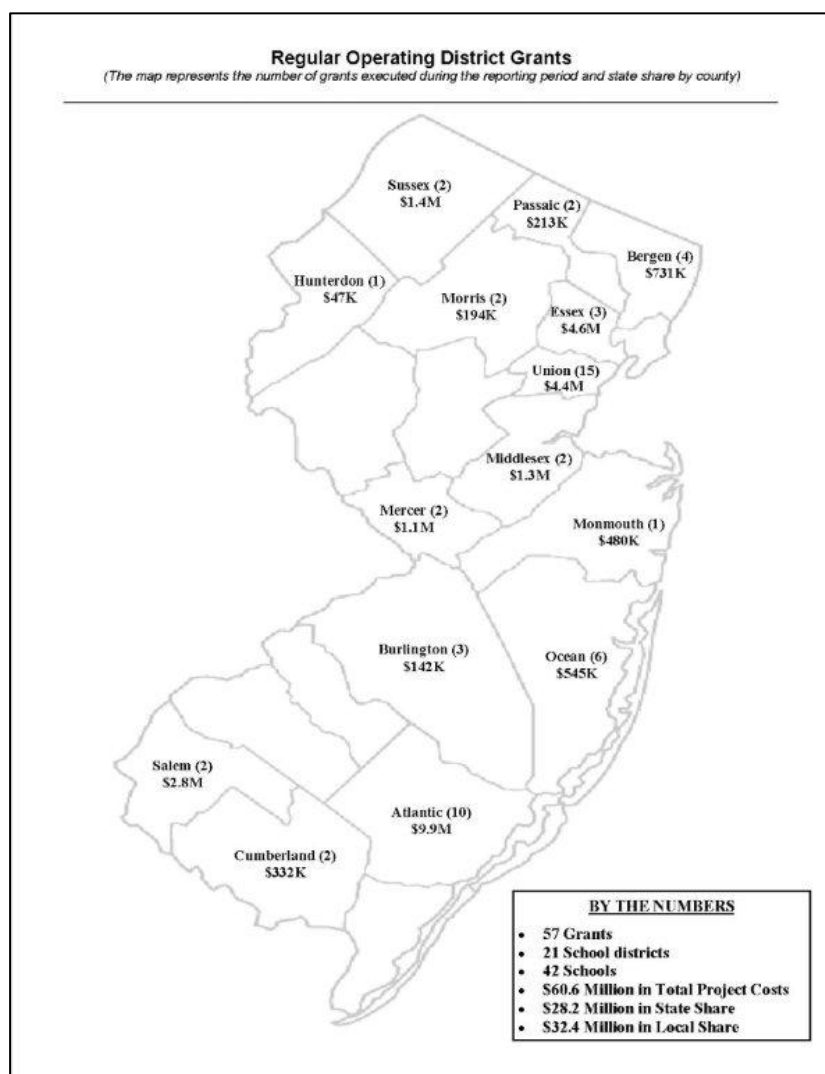
grants provide local districts with critical resources to make necessary repairs and improvements to thousands of schools throughout the state.

This spring, SDA CEO Marc Larkins visited two school districts to highlight the ROD Grant funding recently provided through SDA. In Brick Township (Ocean County), Mr. Larkins joined a class of fifth grade students at Lanes Mill Elementary School to discuss more than \$1.2 million in state grants to fund work at ten different schools throughout the district. The environmentally conscious in attendance were excited to hear that this funding would enable the district to replace the interior lighting system with energy efficient light fixtures and provide a more energy efficient lighting control system for all classrooms.

At the Sussex County Technical High School, Mr. Larkins joined local officials to announce \$1.4 Million in state funding for two grant projects which will allow the district to make much-needed improvements. The first project will provide improvements to the auditorium, including the replacement of the existing electrical system with a hot water heating system. The second will restore and repair the exterior of the auditorium and include the repointing of masonry, installation of masonry anchors, replacement of stone coping and modifications to the roof as needed.

These are just a few examples of the impact that these state grants have on local districts. The grant program provides at least 40 percent of eligible costs for projects in

the RODs, addressing health and safety issues, student overcrowding and other critical needs. The DOE identifies those school projects to receive funding through the SDA. This funding offsets the cost of projects and leverages local resources.



In cooperation with the DOE, the SDA announced the resumption of the grant program in May 2010. From the time of that announcement through September 30, 2012, the SDA has executed a total of 867 grants in 236 school districts throughout the state. For this reporting period (April 1, 2012 to September 30, 2012), SDA executed 57 grants at 42 schools in 21 school districts totaling more than \$28.2 million.

Without this state funding, many districts would be unable to

undertake repairs and improvements that are sorely needed at their school facilities. Below are examples of the types of improvements that have been made possible through state support of projects that ensure educationally adequate learning environments for New Jersey's students.

- Absegami High School (Greater Egg Harbor Regional School District, Atlantic County): HVAC rooftop replacement. State share: \$1,786,425; Local share: \$1,338,575; Estimated total project cost: \$3,125,000.

- Number 4 Elementary School (Fort Lee, Bergen County): Masonry repairs. State share: \$172,000; Local share: \$258,000; Estimated total project cost: \$430,000.
- Lumberton Middle School (Lumberton Township, Burlington County): Replace roof, water heater, circulator pumps, HVAC rooftop units, PA system, alarms, phones and physical education lockers. State share: \$62,979; Local share: \$89,671; Estimated total project cost: \$152,650.
- Albert E. Grice Middle School (Hamilton Township, Mercer County): Roof replacement. State share: \$647,200; Local share: \$907,800; Estimated total project cost: \$1,555,000.
- Frank Defino Central Elementary School (Marlboro Township, Monmouth County): Addition of six classrooms and support space. State share: \$480,480; Local share: \$2,041,582; Estimated total project cost: \$2,522,062.
- Lincoln Elementary School (Rockaway Borough, Morris County): Replacement of smoke doors with fire doors. State share: \$60,000; Local share: \$90,000; Estimated total project cost: \$150,000.
- Penns Grove High School (Penns Grove-Carneys Point Regional, Salem County): Science lab and auditorium upgrades. State share: \$2,207,310; Local Share: \$792,690; Estimated total project cost: \$3,000,000.
- Leonard V. Moore Middle School (Roselle Borough, Union County): Window and exterior door replacement. State share: \$394,800; Local share: \$249,650; Estimated total project cost: \$644,450.

Appendix C offers more complete statistical information regarding SDA ROD Grant Executions for the reporting period. More information about the Regular Operating District Grant State Grant Program can be found on the DOE website: <http://www.state.nj.us/education/facilities/projectapplication/rod/aprod.pdf>

Programmatic Reforms Benefit Construction Process

Standardization Progress Continues

Following the SDA's development of standardized design components in 2011, its recently established Design Studio further refined these components through their application to actual school facility projects. In 2012, schematic design packages were developed for four school facilities in New Brunswick, Newark, and Jersey City and the SDA Kit of Parts was utilized to develop conceptual plans for another eight potential school facility projects.

As an extension of the Kit of Parts development, the SDA developed a unique Design-Build process which is supportive of SDA goals, as well as development of a new Design-Build Agreement which governs that process. A Design-Build procurement process was also established, based on price and other factors, and a standard scope of services for the engagement of site environmental consultants to support in-house design was advanced.

The SDA Design Studio developed design and other documents to support delivery of projects through a design-build approach. Chief among these was the development of standard performance specifications for SDA school facility projects. These specifications, which prescribe materials and systems performance requirements, are a supplement to the SDA Materials and Systems standards and are a key component of the bridging documents package necessary to support design-build procurement.

The SDA Design Studio provided bridging documents to support three Design-Build procurements in 2012. In addition to schematic design documents, this included working closely with school districts to define specific materials and systems requirements, working with consultants in the development of site design documents, and the development of building sections, building elevations, other drawings, and performance specifications to describe unique project requirements.



During the reporting period, the SDA advertised and awarded a design-build contract for the design and construction of the new A. Chester Redshaw Elementary School in New Brunswick. A \$34.8 Million contract was awarded to Hall Construction Co. for the design and

construction of the 135,000 square foot school that will educate more than 900 students in grades pre-kindergarten through fifth. The advancement of this project through a design-build contract will allow the SDA to deliver this school to the New Brunswick community faster.

In addition to implementation of the Kit of Parts through the design-build approach, the SDA also made additional progress on the Model Programs and development of a Model Rooms catalog during the reporting period. Working closely with the DOE Office of School Facilities, the SDA Design Studio developed standardized programmatic models for eight variations on PK to Grade 8 school facilities which establish the number and type of rooms to be provided as part of a particular school facilities project. The SDA model programs incorporate allowance areas which enable the programs to be fine-tuned to meet individual district needs while still maintaining a high degree of consistency from one district to the next. These model programs were successfully utilized to expedite programming of school facility projects, eliminating the lengthy programming periods often required to “negotiate” programs with school districts in the past.

Refinements to the Kit of Parts project delivery methodology included the development of standardized classroom and other room types which have been compiled into a catalog. For each standard room type, the catalog includes a narrative educational specification, a room layout plan, and a list of furniture, furnishings, and equipment which identifies who (contractor, SDA, or district) is responsible for providing each item. The Model Rooms Catalog has now been successfully utilized to

support standardization and the more expeditious development of educational specifications and schematic designs.

Constructability Review in Practice

The SDA's recently expanded Constructability Review Process for capital projects that advance through a traditional design-bid-build process is dedicated to ensuring the advancement of sound design and construction principles, to bring increased accountability to the process and to eliminate wasteful spending. This expanded process was utilized during the reporting period for the George L. Catrambone Elementary School project in Long Branch.

Over the course of eight weeks, Terminal Construction Corporation, the contractor for the project, GREYHAWK, the construction manager, and Becica Associates, the architect, scrutinized the plans and specifications for the project to identify conflicts, coordination issues, omissions, or other deficiencies in the documents that might affect the schedule or cost to complete the work. At the end of the established review process, the SDA was provided with a final report that noted only minor deficiencies. After receiving the final report, the SDA participated in several meetings with the contractor to negotiate any costs associated with these deficiencies. In total, a \$107,000 change order was issued to address the deficiencies identified during the review.

With the Constructability Review process complete, the contractor will not be entitled to seek additional compensation for changes in the work or project delays which result from deficiencies in the contract documents that should have reasonably been identified during the review. However, the contractor will not be precluded from seeking compensation for a true unforeseen condition or design error or omission. Overall, SDA staff found this process to be productive and beneficial to ensuring an efficient construction process. The SDA intends to continue to utilize the expanded constructability review process in connection with other projects set to advance through a traditional design-bid-build approach.

Small Business Training Breeds Success

The SDA's in-house SMWBE Contractor Training Program enables small, minority and women-owned businesses to gain valuable knowledge on how to do business with the SDA. Participants receive instruction from SDA staff and subject matter experts on bidding, estimating, scheduling, budgeting, accounting, bonding and marketing.

As detailed in the last report, Belier Construction Corp., headquartered in Teaneck, New Jersey, was one of 12 firms who successfully completed the SDA's SMWBE Contractor Training Program in 2012.

As a result of participating in the training program, the firm made a strategic decision to bid on projects in New Jersey's Regular Operating Districts. This decision proved beneficial as Belier Construction Corp. was able to translate the knowledge and skills learned through the program into a contract on a grant project in one of the ROD districts. "The possibility of my firm obtaining work on projects outside of the Abbott districts was not discovered until participating in the program," said company president Anna Marie Novoa-Gomez.

Belier Construction Corp., was awarded a \$129, 477 contract to replace classroom floors at Washington Elementary School in the Hawthorne School District. The project was completed in August 2012.

"Throughout the procurement process, I was able to draw from the information presented about the Bidding Process and Budgeting to help my firm put together a competitive bid that was ultimately selected for the contract," said Ms. Novoa-Gomez. "Utilizing the skills I acquired regarding scheduling and the critical path method, my firm was able to save the Hawthorne School District money on this project, which has a direct impact on taxpayers."

Ms. Novoa-Gomez is confident in her firm's ability to work on future school facility projects as a result of Belier Construction Corp's performance on this contract.

The SDA continues its commitment to attract and retain small, minority and women-owned business enterprises that are able to achieve the type of success experienced by Belier Construction Corp. The SDA will offer its next training session in February 2013. The SDA is always looking for ways to improve the program. Utilizing feedback from program participants, the SDA expects to offer a class in Construction Law during the next session.

Ensuring Efficiency and Accountability of Limited State Resources

Financial Overview

In total, the Legislature has authorized \$12.5 billion in funding for the SDA (\$8.9 billion for SDA Districts, \$3.45 billion for RODs and \$150 million for vocational schools). Since the program's inception, the amount of bonds issued to date to fund the program is \$9.024 billion.

As presented in Appendix E, during the reporting period, with Governor Christie's approval, the New Jersey Economic Development Authority (EDA) issued an aggregate \$375 million of "new" School Facilities Construction Bonds and Notes. The proceeds from these bond sales will be used to fund the work in SDA's ongoing project portfolio.

The Long Range Facilities Plans (LRFPs) filed by the SDA Districts and RODs would require a financial commitment significantly exceeding that which the New Jersey Legislature has previously authorized (\$12.5 billion) to appropriately address all of the school construction projects needed across the state.

Recovering Funds for Future Projects

SDA continues to work diligently to recover funds for the program. Cost recoveries are realized through multiple avenues by SDA's Office of the Chief Counsel and Office of the Chief of Staff, including successful rebate and refund applications, environmental issues and errors and omissions.

With limited resources, the SDA remains dedicated to all efforts that ensure efficient use of taxpayer dollars. SDA continues to review all cost recovery opportunities including those identified by the SDA's internal audit team.

During the reporting period of April through September 2012, the Authority achieved \$774,322 in rebates, refunds, and/or cost recoveries:

- For the Union Avenue Middle School project in Irvington, the SDA received a rebate in April in the amount of \$6,000 from the New Jersey Smart Start Incentive Rebate Program. This program provides financial incentives for energy efficient measures including high-efficiency lighting and lighting controls, heating and cooling equipment, water heating, motors, and variable frequency drives.
- In June, SDA successfully received \$158,396 in E-Rate rebates (a federal program recognizing the technological needs of both schools and libraries) for the Summerfield Elementary School project in Neptune.
- Also in June, an environmental cost recovery matter regarding a property in Jersey City reached settlement for \$561,924.
- In July, the Authority recovered \$43,500 in damages resulting from design errors and/or omissions identified at an addition/renovation project in East Orange.

Reducing the Authority's Liability

The SDA has renewed its focus on achieving project close out to release unused contract funds. The Authority is also striving to complete deed transfers to reduce the Authority's liability which will protect and preserve the State's limited resources. During the reporting period the SDA completed seven deed transfers, i.e. transferring the properties to the school districts. As a result, the SDA reduced its annual property liability insurance premium by \$65,278.

The stream-lined Project Close Out process, adopted in July 2011, allowed the Authority to close out four Capital projects and three Emergent projects during the reporting period. Further, 32 Health and Safety Design contracts were closed during this time. In total, the close out of these 39 projects released \$527,292 in unused contract funds for use in the construction of schools in the future.

In addition, the SDA has made an effort to remove its inventory of temporary classroom units (TCUs) from its property portfolio. These TCUs are used by districts for additional classroom space or swing space. The district using the TCUs would be responsible for their maintenance relieving of responsibility for such costs. Since August 2011, when this effort began, the SDA has been able to transfer a total of 198 units through transfer of titles to the local school districts or sales to outside entities. During the reporting period, two TCUs were sold for a total of \$3,000. All together, the SDA has sold 29 units for a total of \$61,000. The SDA has also reduced its insurance and inspection costs by approximately \$111,500 per year from the sale and transfer of these units.

Accountability through SDA's Internal Audit and Assessment Group

The SDA's Division of Program Assessment and Development (PAD) is responsible for assessing and auditing Authority processes, and for ensuring the financial, operational and programmatic integrity, accountability, efficiency and effectiveness of those processes.

During the reporting period, PAD completed and submitted seven audits and/or assessments to the Audit Committee of the Board, including, but not limited to: expenditures of funds for Hoboken's Thomas Connors Elementary School and Trenton's Early Childhood Center, Design Consultant Amendments, and Common Area Maintenance fees.

Continued Efforts to Achieve Savings and Efficiencies

As the preceding pages of the Report demonstrate in some detail, significant changes in its processes and procedures have been made by the Authority in recent months. The SDA will continue to review its operations and programs to seek savings to advance more projects to benefit the children of New Jersey and achieve savings for New Jersey's taxpayers. The SDA will work proactively with its partners in the Governor's Office and Legislature should additional statutory changes be required to assist in this effort.

With limited resources available for school construction in New Jersey, the exploration of potential public-private partnership (PPP) opportunities will enhance the State's ability to provide school facilities projects in SDA districts. In some instances, PPPs offer a potential method of completing needed school projects while offsetting a portion of the cost to the State. As the SDA advances projects throughout SDA Districts, all possibilities and alternative delivery methods are being considered so that we can meet the need that exists while preserving funds. The SDA, its district partners, the state, and the communities that we serve in, must work together to inject some out-of-the-box thinking that will assist in providing as many state of the art educational facilities as possible that will help to improve the educational outcomes for New Jersey's students.

Appendix

A – Small Business Enterprise Contracts Awarded

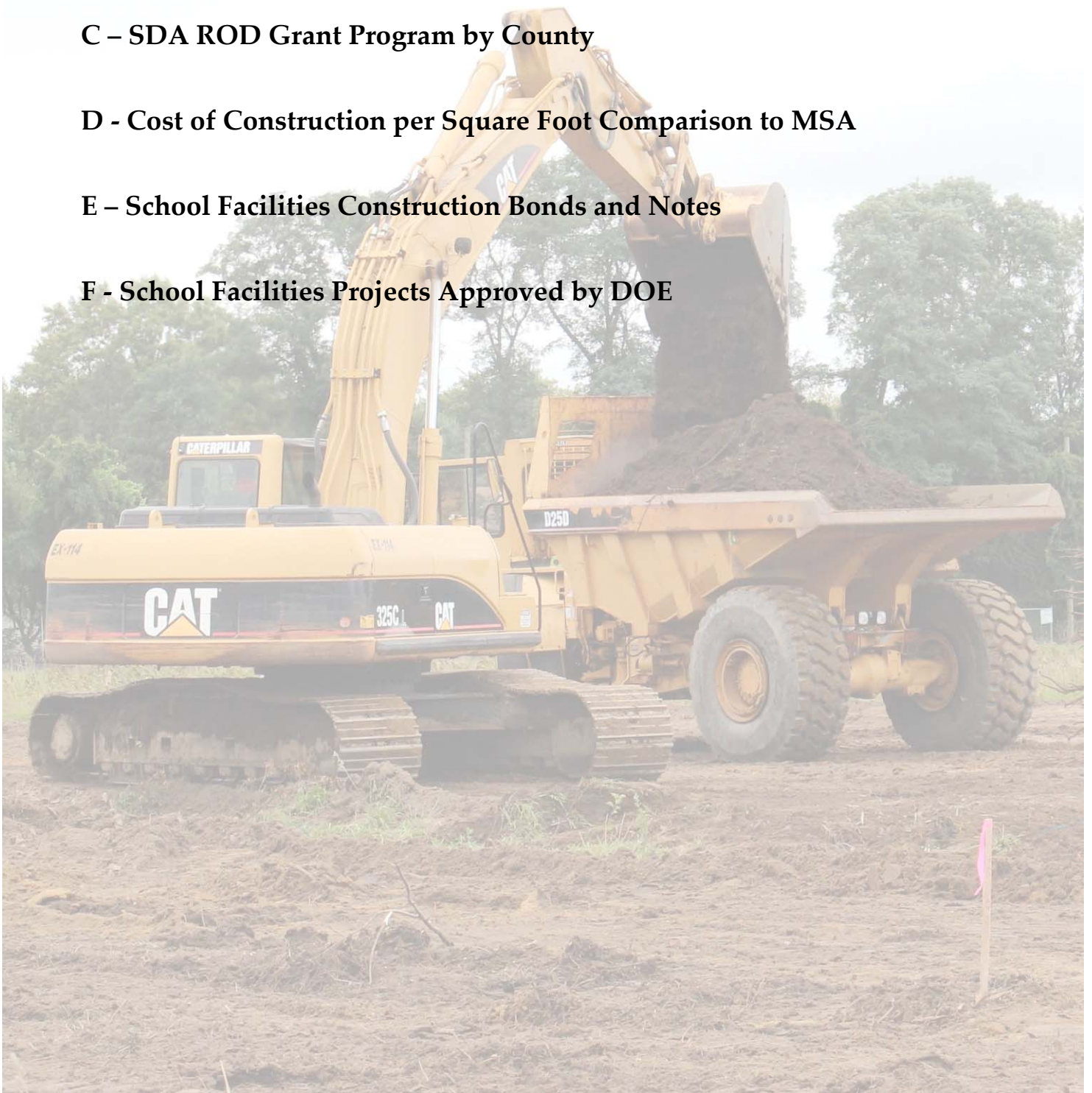
B – Number of Minority/Female Work-Hours by Trade

C – SDA ROD Grant Program by County

D - Cost of Construction per Square Foot Comparison to MSA

E – School Facilities Construction Bonds and Notes

F - School Facilities Projects Approved by DOE



Appendix A – Small Business Enterprise Contracts Awarded

In December 2010, the Governor signed legislation that directs the SDA to biannually compile information on the number of school construction contracts entered into between the Authority and minority and women contractors during the reporting period. This information must include the total value of the contracts and the percentage that those contracts represent of all school facilities project construction contracts entered into by the Authority. The SDA has provided this information in its Biannual Reports since June 2008 and will continue to do so as required.

SDA Contract Awards to Small Business Enterprises (April 1, 2012 – September 30, 2012)	
Total SDA Construction Contracts	\$43,182,031.63
Total SBE Contracts	\$10,432,547.00
Percentage of SDA Contracts Awarded to SBEs	24.16%

SDA Contract Awards to Minority-Owned Business Enterprises (April 1, 2012 – September 30, 2012)	
Total SDA Construction Contracts	\$43,182,031.63
Total Contracts to Minority-owned Business Enterprises	\$3,248,489.00
Percentage of SDA Contracts Awarded to MBE	7.52%

SDA Contract Awards to Small Women-Owned Business Enterprises (April 1, 2012 – September 30, 2012)	
Total SDA Construction Contracts	\$43,182,031.63
Total SWBE Contracts	\$2,908,378.00
Percentage of SDA Contracts Awarded to SWBE	6.74%

Appendix B – Number of Minority/Female Work-Hours by Trade

Construction Contracts: Number of Minority/Female Work-Hours by Trade (April 1, 2012 – September 30, 2012)					
Trade	Total Work-Hours	Minority Work-Hours	Minority Work-Hours Percentage	Female Work-Hours	Female Work-Hours Percentage
Asbestos	5,288	3,563	67.38%	607	11.48%
Bricklayer or Mason	5,952	3,560	59.81%	0	0%
Carpenter	9,461	973	10.28%	0	0%
Demolition	40	0	0%	0	0%
Electrician	7,726	288	3.73%	748	9.68%
Elevator Mechanical	280	0	0%	0	0%
Excavation	384	72	18.75%	0	0%
Glazier	294	64	21.77%	0	0%
HVAC Mechanic	3,422	482	14.09%	0	0%
Insulator	576	232	40.28%	0	0%
Ironworker	1,604	88	5.49%	0	0%
Laborer	12,708	7,728	60.81%	372	2.93%
Operating Engineer	1,759	80	4.55%	0	0%
Painter	343	110	32.07%	0	0%
Pipe Fitter	1,500	0	0%	0	0%
Plumber	30	0	0%	0	0%
Roofer	4,476	1,124	25.11%	16	0.36%
Sheet Metal Worker	2,806	1,119	39.88%	0	0%
Sprinkler Fitter	1,224	216	17.65%	0	0%
Steam Fitter	295	0	0%	0	0%
Surveyor	48	32	66.67%	0	0%
Tiler	455	0	0%	0	0%
Truck Driver	156	149	95.51%	0	0%
TOTALS	60,827	19,880	32.68%	1,743	2.87%

Note: The chart represents work-hours during the reporting period for SDA-managed projects.

Appendix C – SDA ROD Grant Program by County

ROD Grants Executed During the Reporting Period by County						
County	Total # of Grants Executed	Total # of Districts Impacted	Total # of Schools Impacted	Total State Share	Total Local Share	Estimated Total Project Costs
Atlantic	10	2	7	\$9,886,833	\$7,659,509	\$17,546,342
Bergen	4	2	4	\$730,811	\$1,096,216	\$1,827,027
Burlington	3	1	3	\$142,447	\$202,821	\$345,268
Cumberland	2	1	2	\$332,211	\$94,045	\$426,256
Essex	3	1	3	\$4,597,995	\$6,896,993	\$11,494,988
Hunterdon	1	1	1	\$47,110	\$70,666	\$117,776
Mercer	2	1	2	\$1,082,135	\$1,517,865	\$2,600,000
Middlesex	2	2	2	\$1,325,726	\$4,910,443	\$6,236,169
Monmouth	1	1	1	\$480,480	\$2,041,582	\$2,522,062
Morris	2	2	2	\$193,680	\$290,520	\$484,200
Ocean	6	2	5	\$544,861	\$817,291	\$1,362,152
Passaic	2	1	2	\$213,396	\$320,095	\$533,491
Salem	2	2	2	\$2,796,650	\$1,543,454	\$4,340,104
Sussex	2	1	1	\$1,402,000	\$2,103,000	\$3,505,000
Union	15	1	5	\$4,435,345	\$2,804,678	\$7,240,023
TOTAL	57	21	42	\$28,211,680	\$32,369,178	\$60,580,858

Appendix D – Cost of Construction per Square Foot Comparison to MSA

Metropolitan Statistical Area (MSA) Totals				
Cost Per Square Foot Comparison at Bid				
Statistical Brief				
Source	Area	Elementary School	Middle School	High School
McGraw-Hill Metropolitan Statistical Area (MSA) (April 2012 - September 2012)	Philadelphia	-	-	-
	New York	\$205	-	-
School Planning & Management by Regions 1 & 2 State Average ¹ (January - December 2011)	Regions 1 & 2 Average	\$293	\$321	\$294
Philadelphia School District (2nd and 3rd Quarter Actual)	Philadelphia	-	-	-
New York City School Construction Authority (July 2011 - June 2012)	New York City	\$473*	-	\$462*
SDA Managed Projects (2nd and 3rd Quarter Actual)	Statewide	\$258^	-	-
<i>The table represents a statistical cross-section of data from numerous sources with report dates ranging from July 2010 to March 2012. Costs are at time of bid.</i> <i>1 - Reporting is for Region 1 (CT, MA, ME, NH, RI, VT) and Region 2 (NJ, NY, PA) combined as reported by School Planning & Management.</i> <i>*Numbers reflect the New York City Mayor's Management Report September 2012 costs at completion excluding budgeted Change Order Contingency of 10% percent.</i> <i>^Cost at Bid for one SDA District Elementary School - A. Chester Redshaw Elementary School New Brunswick, New Jersey</i>				

The table above provides a comparison of cost per square-foot for new school construction (public and private schools) within the Philadelphia and New York City Metropolitan Statistical Comparison (MSAs). This addresses the August 2007

statutory requirement that costs of school facilities projects undertaken and funded by the SDA be compared to similar school facilities projects constructed in the New York City and Philadelphia MSAs.

The U.S. Office of Management and Budget is responsible for developing standards for defining the MSAs and for applying these standards with Census data.

The table above also includes information from the School Planning and Management School Construction Report, a recognized national-construction data source, as well as information from the New York City Department of Education School Construction Authority. The use of multiple sources to monitor and analyze construction costs provides assurance that industry-wide pricing trends are addressed.

Appendix E – School Facilities Construction Bonds and Notes

EDA School Facilities Construction Bonds and Notes – FY 2001-2013					
Fiscal Year	Issue Date	Series	Restricted	Denomination	Principal Amount Issued
2001	04/02/01	A		\$5,000	\$ 500,000,000
<i>Subtotal</i>					\$ 500,000,000
2002	12/28/01	B	QZAB	\$5,000	\$ 8,600,000
<i>Subtotal</i>					\$ 8,600,000
2003	10/16/02	C		\$5,000	\$ 600,000,000
2003	12/30/02	D	QZAB	\$5,000	\$ 29,400,000
2003	03/14/03	E	QZAB	\$5,000	\$ 7,929,000
<i>Subtotal</i>					\$ 637,329,000
2004	08/07/03	F		\$5,000	\$ 600,000,000
2004	01/23/04	G		\$5,000	\$ 650,000,000
2004	05/18/04	H		\$5,000	\$ 300,000,000
<i>Subtotal</i>					\$ 1,550,000,000
2005	08/31/04	I		\$5,000	\$ 250,000,000
2005	08/31/04	J		\$5,000	\$ 500,000,000
2005	04/06/05	L		\$5,000	\$ 150,000,000
2005	04/06/05	M		\$5,000	\$ 500,000,000
<i>Subtotal</i>					\$ 1,400,000,000
2006	10/04/05	O		\$5,000	\$ 750,000,000
2006	12/15/05	P		\$5,000	\$ 175,000,000
2006	12/15/05	Q		\$5,000	\$ 500,000,000
<i>Subtotal</i>					\$ 1,425,000,000
2007	11/02/06	R		\$5,000	\$ 500,000,000
2007	11/02/06	S		\$5,000	\$ 100,000,000
<i>Subtotal</i>					\$ 600,000,000
2008	10/04/07	T		\$5,000	\$ 500,000,000
2008	10/04/07	U		\$5,000	\$ 300,000,000
2008	06/03/08	X		\$5,000	\$ 250,000,000
2008	06/03/08	Y		\$5,000	\$ 200,000,000
<i>Subtotal</i>					\$ 1,250,000,000
2009	01/29/09	Z		\$5,000	\$ 175,000,000
2009	06/18/09	A Notes		\$5,000	\$ 400,000,000
<i>Subtotal</i>					\$ 575,000,000
2010	08/20/09	BB		\$5,000	\$ 200,000,000
2010	05/17/10	CC-1	BAB	\$5,000	\$ 104,115,000
2010	05/17/10	CC-2		\$5,000	\$ 48,910,000
2010	05/17/10	B Notes	BAB	\$2,000	\$ 350,000,000
<i>Subtotal</i>					\$ 703,025,000
2013	10/03/12	KK		\$5,000	\$ 136,880,000
2013	10/03/12	G Notes		\$5,000	\$ 119,060,000
2013	10/03/12	H Notes		\$5,000	\$ 119,060,000
<i>Subtotal</i>					\$ 375,000,000
Grand Total					\$ 9,023,954,000

Appendix F – School Facilities Projects Approved by DOE

From April 1, 2012 through September 30, 2012, the New Jersey Department of Education approved nine school facilities projects which were undertaken and funded by the SDA. All of these projects, which are for emergent conditions, are in SDA Districts.

School Facilities Projects Approved by DOE				
April 1, 2012 – September 30, 2012				
	Total School Facilities Projects Approved	Required Educational Adequacy/ FES Review	Projects Requiring Educational Adequacy/RES Review & Exceeding the FES	% of Projects Requiring Educational Adequacy/FES Review and Exceeding the FES
All Districts	9	0	0	0%
SDA Districts	9	0	0	0%
RODs	0	0	0	0%

The information included in the table above was provided by the New Jersey Department of Education, Office of School Facilities.

Governor Chris Christie - Lt. Governor Kim Guadagno
Marc Larkins, Chief Executive Officer