

## November 2003 Monthly Report

### Introduction

The month of November marked another month of dynamic activity for the Schools Construction Corporation. Construction notices to proceed were issued in the amount of \$57,035,000, with board approvals for another approximately \$167 million. Grants with state shares worth a total of \$33,147,618 were executed with districts that receive less than 55% of the budget in state aid. The SCC's Board of Directors also approved implementation of a program to bring on board construction safety services providers, to ensure child and worker safety at all construction projects. A Wrap-up Insurance Program was also approved that is anticipated to generate significant cost savings.

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#### I. Construction Update



##### Construction Starts

The SCC sent notices to proceed for construction packages in 3 districts during the month of November for projects with combined construction cost estimates totaling \$57,035,000. These awards will involve 4 schools in various districts including: Irvington's University Six (\$1,877,000), Jersey City's New Heights Middle School (\$38,500,000) and Early Childhood Center (\$2,950,000) and the Lakeside Middle School in Millville (\$13,708,000).

At their meeting on November 26th, the Board of Directors approved awards of approximately \$167 million in construction contracts for three new schools in the City of Trenton along with new educational facilities in Long Branch, Neptune and Plainfield.

In the Trenton School District, the Martin Luther King/Jefferson Elementary School was approved for award to Turner Construction Company in an amount of \$25,839,000. This will be an 119,825-square-foot facility, anticipated to serve 800 students. The Joyce Kilmer Elementary School, also in Trenton was approved for award to Epic Management, Inc for an amount of \$20,498,000. This is a similarly sized project expected to encompass 119,882 square feet and serve 747 students. In Trenton, New Christopher Columbus Elementary School will be awarded to Turner Construction Company for \$14,452,000. 260 students are expected to eventually occupy the 73,681-square-foot facility.

The New Long Branch High School was approved for award to the Hunt Construction Group, Inc. in an amount of \$60,197,000. This promises to be a 300,000-square-foot school serving an enrollment of over 1,600 students. The Neptune School District also had a construction award approved for their New Midtown Community School. The 149,000-square-foot facility, which is designed to serve 750 students, will be awarded to the Turner Construction Company in an amount of \$35,999,500. The Plainfield School District saw an award approved for its

Clinton Elementary School at the same meeting. Ernest Block & Sons, Inc. will be responsible for construction of the 32,186-square-foot facility. Serving a projected enrollment of 324 students, Clinton Elementary was approved for \$10,373,000. A full list is attached as [Exhibit A](#).

**As of November 28, 2003, the SCC has entered into 356 construction contracts that total \$1,210,648,161.**

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## II. Contractor Procurement

The SCC advertised 10 construction packages for 9 school districts in the month of November, which will impact 10 schools. A full list of the construction advertisements for November is attached as [Exhibit B](#).

Design bids were sought for 3 schools in 3 districts in November as well. The list of those advertisements is attached as [Exhibit C](#).

The SCC's Board approved a Wrap-up Insurance Program in November as well. The program will be implemented in the first quarter of 2004 and will include an Owner Controlled Insurance Program, General Liability Insurance and Builder's Risk Insurance. As the SCC is a government agency that has such a large volume of work happening over multiple years, it is an attractive and sound program from which economies of scale could be realized. Those economies will yield significant savings in these areas. Based on assumptions of having the contractors providing this coverage, it would have cost the SCC \$151 million compared to \$80 million with the SCC working with brokers to provide the coverage under this program.

The insurance will include general contractors and subcontractors and definitively guarantees that everyone has insurance and at a lower cost to the taxpayers. There will also be a consistency in legal management approach by having professionals handling issues up front.

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## III. Design Update

The SCC issued design notices to proceed for projects at 9 schools in 8 districts. The total current cost estimates for all of these projects is \$145,660,005.

**As of November 28, 2003, the SCC has entered into 212 design contracts with a total value of \$229,797,462; it also has assumed an additional 67 architectural assignments that totaled \$85,052,609.**

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## IV. 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 the purchase of the Most Holy Name School in the City of Garfield. The SCC had been leasing the space for the James Madison Elementary School #10, which sits on a .98 acre tract of land.

Another acquisition contingently approved at the Board's November meeting was for 1.1 acres in Paterson. This property will be used for the International High School. The overall project involves a total of 4.3 acres for an 113,000-square-foot high school that will house 500 students.

The Directors also approved contingent acquisition of property also in Paterson for the Marshall Street Elementary School. The Paterson Planning Board recommended that the site would need to accommodate additional parking and the SCC worked to acquire 1.103 additional acres in additional parcels. The site is a total of 3.423 acres and will be for a new

98,4900-square-foot elementary school designed to serve upwards of 670 students kindergarten through 8th grade.

**As of November 28, 2003, the SCC has entered into 375 site acquisition contracts for appraisals, site evaluations, environmental investigations, title services and actual acquisitions totaling \$100,187,168.**

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#### V. **School District Grants**

The SCC executed 43 Section 15 grants with 20 districts that receive less than 55% of their funding in state aid. The total project costs for these grants are expected to be \$109,468,532, with a state share anticipated being worth \$33,147,618 of that total.

Several districts received multiple grant awards in November. The Mt. Laurel School District in Burlington County will receive grants for projects at 8 elementary schools. The total projects costs are expected to be \$26,866,006, with a state share of \$9,965,414. The Moorestown School District, also in Burlington County, will receive \$8,978,276 toward 5 projects, worth \$37,474,190. Cherry Hill schools in Camden County will receive grants for 5 schools with total project costs of \$1,962,158, of which the state will pay \$726,123. The Bogota School District in Bergen County will receive grants for projects at 2 elementary schools. The total projects costs are expected to be \$12,977,625, with a state share of \$3,621,861. The Mountain Lakes School District in Morris County will receive \$4,689,404 toward construction at their high school, worth \$15,609,597.

**As of November 28, 2003, the SCC has executed 1,160 Section 15 grant agreements with districts that receive less than 55% of their budget in state aid for total project amounts of \$4,101,407,350, for which the state share totaled \$1,263,975,080. In 2003 alone, districts in all 21 counties received \$435,523,975 in direct property tax relief as the state share for projects that totaled \$1,476,350,219.**

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#### VI. **Affirmative Action Workforce Monitoring**

As of November 14th, the SCC is now responsible for monitoring workforce compliance by all contractors involved in construction projects managed by the SCC. The Corporation took over the function for projects it manages from the Department of Treasury, Division of Contract Compliance.

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#### VII. **Contract Procurement**

The Corporation revised language in its Construction Contractors Agreement to reflect the change for the application of retainage. In summary, it fixes retainage at 5% of the amount due on the first 50% of the contract price, and on the remaining half of the contract price it allows the SCC to withhold up to 2.5% of the amount due. A revision will also be made to the current form of agreement for future use by all Project Management Firms. This revision was instituted retroactively for projects that we currently have under way.

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#### VIII. **Conferences/Presentations**

Geothermal Technology Training II for Design Professionals, 11/05/03, Morristown

NJ Asian-American Chamber of Commerce, 11/06/03, East Windsor

6th Annual NJ Institutional Investors Conference, 11/12/03, Newark

The World Energy Engineering Congress Conference, 11/12/03, Atlanta, GA

Business and Community Outreach, 11/12/03, Elizabeth

Professional Women In Construction Trade Fair, 11/12/03, New York City

NJ Alliance for Action 19th Annual Construction Forecast Seminar, 11/13/03, Trenton

Building Contractors Association of South Jersey Membership Meeting, 11/13/03,  
Cherry Hill

American Subcontractors Association of NJ (ASA-NJ) Annual Awards Dinner, 11/15/03,  
Whippany

NJ State League of Municipalities Conference, 11/18-20/03, Atlantic City

Contractor Training Graduation, 11/20/03

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John F. Spencer, Chief Executive Officer  
Prepared by George Strachan, December 23, 2003