

Moving Forward with a New Approach to School Construction



Site preparation for the new high school in Elizabeth.



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

Biannual Report of the School Facilities Construction Program

For the period of October 1, 2011 through March 31, 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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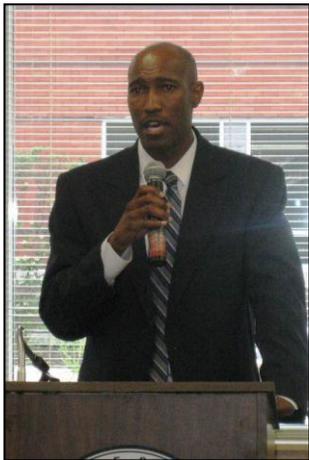
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A Message from CEO Marc Larkins



Upon taking office, Governor Christie promised a school construction program that would move forward smartly and deliberately; a program that would deliver value to New Jersey school districts and taxpayers. With the reforms put in place by Governor Christie, the days of over-promising and under-delivering are behind us. This reporting period reflects a realization of this new approach toward school construction and the progress we've made on behalf of New Jersey's school children.

Recently I had the opportunity to join Elizabeth officials for the groundbreaking of the future Elizabeth High School, Frank J. Cicarell Academy. Surrounded by the sounds of machinery preparing the site, this event marked the first project to break ground from the 2011 Capital Project Portfolio. In the coming months, more will follow. SDA recently advanced construction activities at the Caruso Elementary School in Keansburg and George L. Catrambone Elementary School in Long Branch. These projects are advancing using sound, efficient and fiscally responsible design principles. These and all future projects will adhere to the standards outlined in our new standardization program.

Our actions clearly demonstrate our total commitment to advancing and completing projects in an efficient and timely matter. As we advance the 2011 Project Portfolio as scheduled, the Authority has also started work on the 2012 Portfolio announced by Governor Christie in February. The 2012 Project Portfolio includes 20 projects in 18 SDA districts across the state. These projects represent those facilities that demonstrate a high educational priority and serious facility deficiencies. The SDA and the Department of Education (DOE) are actively working with the school districts to advance these projects.

All of the Capital Projects will use the SDA's standardization guidelines. In recent months the SDA has made significant progress in establishing and compiling these guidelines. The Authority's Materials and Systems Standards Manual and the Construction Details Manual were the first of the resources to be published. In addition,

the SDA has developed its first Kit of Parts which is fundamental to the SDA-developed design documents that were advertised for a design-build construction delivery in May. Through the release of these guidelines, the SDA will ensure that projects are constructed using sound, efficient and fiscally responsible design principles.

We have also made significant changes to the way we approach emergent projects. In March, I visited Harrison High School to announce the complete overhaul of the Emergent Project Program and a preliminary list of 76 conditions identified for potential advancement. The revamped Emergent Project Program will ensure that eligible emergent projects are prioritized and completed with a focus on efficiency to ensure that our limited resources for this program are allocated prudently.

I have also had the opportunity to continue visiting Regular Operating Districts (RODs) to highlight recent grant executions. The ROD Grant program continues to provide much-needed state resources to local districts, allowing them to offset the costs of capital projects as well as critical maintenance projects. Since the Christie Administration restarted the Grant program, we have executed 835 grants at 538 schools in 228 districts across the state. This program reaches all parts of the state and has provided more than \$262.4 million, leveraging projects estimated at a total of \$609.3 million.

The staff of the Authority is working diligently to provide New Jersey's schoolchildren with the facilities they need to ensure the best educational opportunities possible. The school construction program is building up our local communities and contributing to the economic improvements implemented by this Administration. Together, with the Governor, the Legislature, the districts and local communities, we are building New Jersey's educational infrastructure to last for generations to come. I look forward to the continued partnership with our stakeholders.

Sincerely,



Marc Larkins

Building a Brighter Future for New Jersey's Schoolchildren

A Robust Portfolio of Ongoing work

The SDA's current portfolio of active projects is extensive, valued at over \$2.2 billion. This includes ongoing work on the 2011 and 2012 Capital Project portfolios (more than \$1 billion), additional projects in construction (\$194 million), emergent projects (\$50 million) and Regular Operating District grants (\$792 million state share).



Demolition activities in Jersey City.

This reporting period saw the start of significant activity on a variety of projects. For example, demolition and remediation work began on a site in Jersey City. Because the buildings were severely deteriorated, the abatement and demolition of two properties was essential to guarantee the health and safety of Jersey City residents. The SDA awarded a \$673,672 general construction contract to Silverlands Services, Inc. of Edison, New Jersey. Silverlands Services, Inc. began asbestos abatement work on both buildings in October 2011. All activities were completed in May 2012.

In October 2011, the SDA also restarted construction on the Victor Mravlag School No. 21 in Elizabeth. The project had experienced construction delays stemming from unforeseen structural deficiencies and environmental issues. Under Governor Christie's leadership, the project was extensively evaluated and analyzed by the SDA for the most cost effective and timely course of action for the State. With a new plan of action in place, the Authority advanced the Victor Mravlag project and is directly managing the construction of the project.



Construction at Columbus Elementary School in Union City.

The SDA continued its work on its active capital projects. Significant work was completed on two projects that will open to students later this year. Under the previous Administration, construction at the West

New York School Number 3 had been halted for numerous issues resulting from the design of an atrium format in variance with DCA code interpretations. The Christie Administration took the steps necessary to restart and correct this project's major deficiencies. The school will open to 705 students in the fall of 2012.

The SDA moved forward with construction on the Columbus Elementary School in Union City. This reporting period saw the completion of the project's building envelope, installation of windows and doors, and the installation of interior finishes and systems. The school will open to 705 students in the fall of 2012.

Projects Advertised During the Reporting Period October 1, 2011-March 31, 2012				
District	Description	Advertisement Date	Bids Due	Original CCE
Camden	Morgan Village M.S. – Demolition, Remediation & Parking lot construction	2/3/2012	3/8/2012	\$2,487,506
Elizabeth	New Academic H.S. – Site Preparation	12/5/2011	1/18/2012	\$2,215,000
Keansburg	Caruso E.S. & VFW Building - Site Demolition and Remediation	10/20/2011	11/22/2011	\$1,082,473
Long Branch	New Catrambone E.S. Construction	2/3/2012	3/8/2012	\$33,201,924
Paterson	PS #16 – Demolition	3/27/2012	4/27/2012	\$2,288,170

Contracts Awarded During the Reporting Period October 1, 2011-March 31, 2012					
District	Description	Contractor	Contract Date	Original CCE	Bid/Award Amount
Jersey City	ECC #13 - Demo, Abatement, Site Improvements	Silverlands Services, Inc.	10/20/11	\$1,063,542	\$673,672.92
Phillipsburg	Phillipsburg H.S. – Site Work	Epic Management, Inc.	10/20/11	\$696,765	\$667,040
Keansburg	Caruso E.S. & VFW Building - Site Demolition and Remediation	Tricon Enterprises, Inc.	01/27/12	\$1,082,473	\$870,000
Paterson	P.S. #24 - Return Air Duct Enclosures	TCI Construction & Mgmt Co.	02/10/12	\$18,410	\$13,280.20

Addressing Emergent Needs

During the first two years of the Christie Administration, SDA started construction on 32 SDA-managed emergent projects—23 in 2010 and nine in 2011. A total of 81 additional emergent conditions were addressed during that time through delegation—where the SDA funded the projects, but the districts themselves managed them. More emergent projects have been completed during Governor Christie’s tenure than during that of any other governor.



Emergent construction activities at Dionne Warwick Institute in East Orange.

The SDA completed several emergent projects during the reporting period. In East Orange, emergent projects were completed at three local schools. The work at Dionne Warwick Institute, Whitney E. Houston Academy and Johnnie L. Cochran, Jr. Academy was completed by Catcord Construction Company, Inc. of Norwood, NJ. Through competitive bidding, the SDA awarded Catcord Company, Inc. three

general construction contracts valued at more than \$1.3 million for work at the schools. Roof and ceiling renovations were completed at Dionne Warwick Institute and the Whitney E. Houston Academy. The Johnnie L. Cochran, Jr. Academy benefitted from a repair to the existing roof and replacement of the rooftop ventilators and ductwork.

During the reporting period, the replacement of three different roofing systems at the William B. Cruise Memorial School No. 11 in Passaic was also completed. A \$1,516,746 general construction contract was awarded to D.A. Nolt Inc. of Berlin, NJ to replace the existing roofs of the school, which educates more than 1,300 students in grades pre-kindergarten through fifth.



Emergent construction activities at Whitney E. Houston Academy in East Orange.

Environmentally Friendly Design: Achieving Platinum Certification

The SDA strives to build state of the art schools that are energy-efficient and environmentally friendly, affording every child in the state the best possible opportunities to learn.

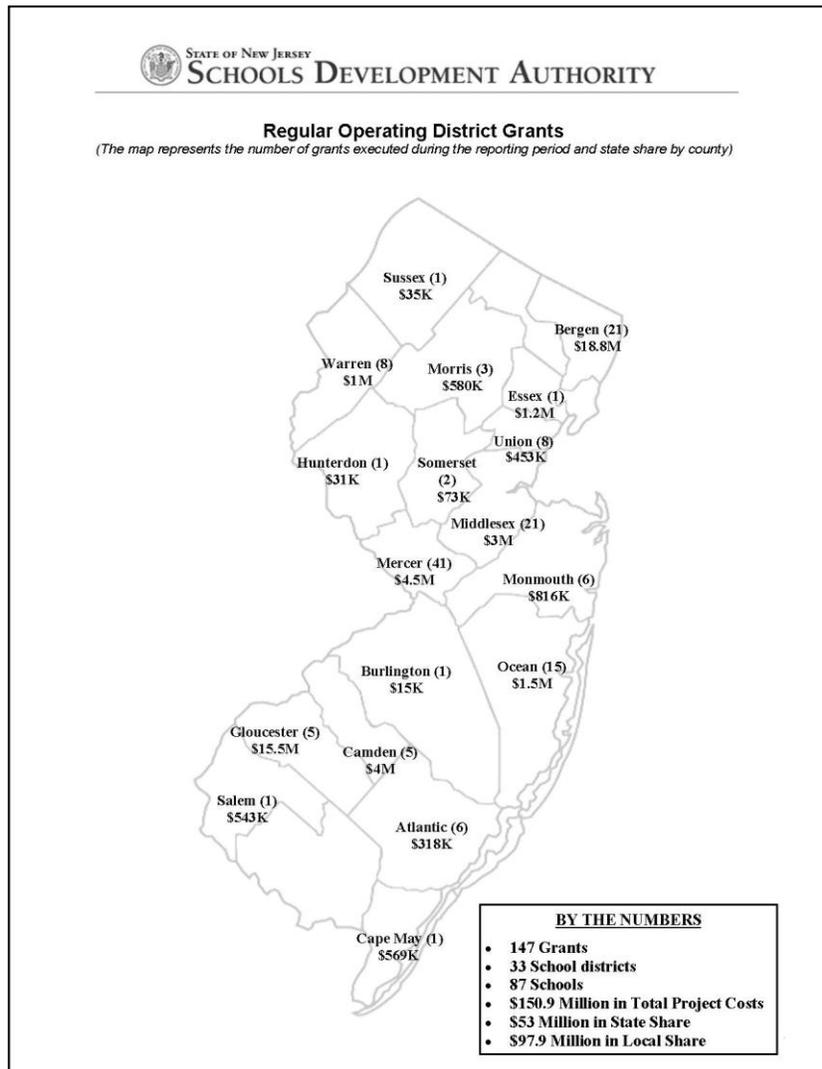


Midtown Community Elementary School in Neptune.

The U.S. Green Building council's Leadership in Energy and Environmental Design (LEED) is an internationally-recognized green building certification system developed to promote healthy, durable, affordable and environmentally sound practices in building design and construction. LEED addresses all building types and emphasizes state-of-the-art strategies in five areas: sustainable site development, water savings, energy efficiency, materials and resources selection, and indoor environmental quality. By using less energy, LEED certified buildings save money, reduce greenhouse gas emissions and contribute to an overall healthier environment for the community it serves. Buildings can achieve four different levels of certification: Certified, Silver, Gold or Platinum.

In October 2011, Midtown Community Elementary School in Neptune Township became only the second public school in New Jersey to receive LEED Platinum Certification, the highest status attainable. The 149,000 square-foot educational facility that opened in September 2008 for 600 students in grades kindergarten through fifth received this distinction for its sustainable site development, water savings, energy efficiency, materials and resources selection, and indoor environmental quality. The Midtown Community Elementary School uses less energy which saves the district money, reduces greenhouse gas emissions and contributes to an overall healthier environment. The school facility incorporates digitally controlled geo-thermal heating and cooling, waterless urinals, advanced technology lighting and controls, and photovoltaic electric generation. The school received Platinum status after demonstrating that the building met the requirements.

Leveraging Local Resources: Regular Operating District Grants



Governor Chris Christie's Administration has made a commitment to provide New Jersey's children with safe, modern and efficient schools while easing the local taxpayers' burden. As part of that commitment, SDA continues to provide grants to offset the costs of projects in regular operating districts (RODs). The state-grant program funds at least 40 percent of eligible costs for projects in the RODs, addressing health and safety issues, student overcrowding and other critical needs. The Department of Education selects school projects to receive grant funding from

the SDA. Additional information regarding the Regular Operating District State Grant Program can be found on the New Jersey Department of Education website: <http://www.state.nj.us/education/facilities/projectapplication/rod/aprod.pdf>

SDA Chief Executive Officer Marc Larkins, in cooperation with the Department of Education, announced the resumption of the grant program in May 2010. From the time of that announcement through the end of the reporting period, the SDA executed a total of 810 grants in 228 school districts throughout the state. During this reporting period, SDA executed 147 grants to 33 ROD school districts totaling more than \$53 million.

SDA ROD Grants executed during this reporting period included projects such as:

- Fort Lee High School (Bergen County): Masonry repairs. State share: \$318,431; Estimated total project costs: \$796,077.
- Camden County Technical Schools – Pennsauken Campus: Total roof replacement of Building No. 4. State share: \$1,993,303; Estimated total project costs: \$3,521,114.
- Crest Memorial Elementary School (Cape May County): Replace existing roof with new metal framed sloped metal roof system; Boiler replacement. State share: \$568,910; Estimated total project costs: \$1,422,276.
- Essex County Vocational and Technical School - (Newark Tech Campus): Replacement of various exterior and interior doors, exterior window replacement, ADA upgrades to various restrooms and front entry, window treatment in gymnasium and manual pulley system replacement for gymnasium lighting fixtures. State share: \$1,239,226; Estimated total project costs: \$2,549,324.
- Kingsway Regional Middle School (Gloucester County): Addition of 16 classrooms, an OT/PT room, art room, auxiliary gym, stage, PE classroom and cafeteria seating expansion. Renovations to existing school. State share: \$2,866,467; Estimated total project costs: \$10,383,813.
- Lanes Mill Road Elementary School (Ocean County): Replace original exterior doors. Replace interior lighting system with new energy efficient light fixtures and provide a more energy efficient lighting control system for all classrooms. State share: \$300,787; Estimated total project cost: \$751,967.
- Hackettstown Middle School (Warren County): Boiler replacement along with associated controls. State share: \$221,253; Estimated total project costs: \$553,132.

These are just a few examples of the hundreds of improvements that are made possible through the state’s support of projects that ensure educationally adequate learning environments for New Jersey’s students. See **Appendix D** for more complete statistical information regarding SDA ROD Grants Executed for the Reporting Period October 1, 2011 through March 31, 2012.

Implementing Critical Reforms with Responsible Management

The 2012 Portfolio

Exactly one year after Governor Christie announced the advancement of the 2011 Capital Project Portfolio, he announced an additional 20 projects set to advance in 2012 as part of the SDA's Capital Program. This announcement continues the Governor's commitment to implementing meaningful reforms and key changes providing the SDA the means to construct school facilities projects efficiently and cost effectively.



Governor Christie announces the 2012 Capital Portfolio.

The 2012 Project Portfolio continues the commitment to advancing projects in an efficient and responsible manner, in a shift away from design excess and costly change orders. The projects identified for advancement in 2012 were evaluated using the same factors that were established in 2011. The evaluation criteria considered project standardization, total project completion costs, cost per student, the project's interrelationship with the district's overall plan, and the potential to impact the greatest number of students.

While the SDA has developed a cost-effective approach to constructing facilities over the past year, not every facility in the state can be addressed with the limited funds

"This 2012 Project Portfolio demonstrates the reforms and improvements instituted at the SDA are reining in the profligate spending of the past while ensuring that students attend modern and efficient schools for the future."

-Governor Chris Christie

available to SDA. Through an objective prioritization and the advancement of sound design and construction principles, the SDA is working diligently to impact as many facilities as possible.

The selection of projects reflected in the 2012 Project Portfolio includes both high educational priority projects and school facilities identified as having facility

deficiencies. The 2012 Portfolio projects were divided into three categories. The first eight projects represent projects that address high educational priority need, efficient construction factors and, in some instances are in the final validation stages to proceed. Six of the eight projects are being considered for advancement through design-build with a kit of parts application. One other project will utilize an existing design and the final project will advance through alternative delivery. The projects scheduled to advance are:

- Gloucester City – Gloucester City Middle School
- Keansburg – Caruso Elementary School
- New Brunswick – Paul Robeson Community Elementary School
- Newark – Elliott Street Elementary School
- Newark – South Street Elementary School
- Passaic – Dayton Avenue Elementary School Campus
- Phillipsburg – Phillipsburg High School
- West New York – Memorial High School

The second category addresses high educational priority needs that require further discussions with the district. For these, the capacity need in certain grade levels has been identified, but further site visits, validation and scoping will need to occur in order to determine the specific project that should advance. This category includes:

- Elizabeth – Elementary School Grade level
- Garfield – Elementary School Grade level
- Harrison – Middle School Grade level
- Millville – High School Grade level
- Paterson – Elementary School Grade level
- Perth Amboy – All grade levels
- Union City – Elementary School Grade level

The final group of projects was selected to address serious facility deficiencies based on data provided by the districts, information presented in the DOE's Educational Facilities Needs Assessment and findings from DOE/SDA site visits. For these projects, the multiple facility deficiencies would not be remediated through the advancement of

isolated emergent projects. Instead, the magnitude of the work that needs to be performed requires additional efforts to scope the larger project. These projects are:

- Camden – Camden High School
- Hoboken – Thomas G. Connors Elementary School
- Orange – Cleveland Elementary School
- Orange – Orange High School
- Trenton – Trenton Central High School

Meeting Deadlines, Keeping Promises

SDA remains committed to the timely advancement of the ten projects announced in the 2011 Project Portfolio. Two projects, a new High School in Elizabeth and George L. Catrambone Elementary School in Long Branch, entered construction procurement in 2011 and are moving ahead with construction activities in 2012. Six other projects are advancing into construction procurement and predevelopment activities this year as well. The Harry L. Bain Elementary School in West New York will be advanced through an alternative delivery method. Finally, based on District/DOE/SDA working group findings, the plan to construct a new elementary school in Bridgeton has evolved to consider additions/renovations at two existing schools.

The 2011 projects have advanced with a focus on standardization. Three projects have been identified as potential candidates for use with Kit of Parts and design-build delivery. The SDA recently advertised the first design-build project, Redshaw Elementary School, in May 2012. The other projects in the 2011 portfolio have been reviewed to bring them in line with the systems and materials standards developed by the SDA. For example, the design for the George L. Catrambone Elementary School in Long Branch underwent a rigorous review which identified redesign work that was completed to make it consistent with SDA's current standards. The SDA estimates that this review and revision process will save the Authority approximately \$1 million. Similar processes are occurring on the other projects to ensure that the SDA is able to reduce project costs when possible to allow for additional projects.

Common Sense Reforms Support Critical Emergent Projects

With the responsibility to make sure our school facilities are safe learning environments for all students, the SDA undertook a complete overhaul of the Emergent Project Program to enable limited resources to impact as many school facilities as possible. In 2011, the SDA and Department of Education (DOE) launched its second statewide effort to identify and

"It is critical that we make it possible for school districts to properly maintain the facilities that they have and extend the lifetimes of those facilities to meet the needs of children."

-SDA CEO Marc Larkins

evaluate eligible emergent conditions. The SDA and the DOE sent a joint letter to all SDA Districts requesting that they detail concerns relating to their school facilities that they believe represent "emergent conditions" as defined by the law. All 31 SDA Districts responded to the request, with 28 Districts reporting 716 conditions in school facilities throughout the state and three districts indicating that they had no projects for consideration.

The DOE and SDA eliminated 400 District-submitted conditions from consideration because they did not meet the specific eligibility criteria as outlined in the law to qualify as an "emergent" condition. SDA and DOE staff then visited and evaluated the remaining 300 conditions at over 190 schools. Conditions were reviewed and grouped into four categories: Routine and/or Required Maintenance, Potential Capital Maintenance Project, Potential Schools Facilities Projects and Potential Emergent Project. Through this review process an initial 76 potential emergent conditions in 68 schools within 21 school districts were identified for advancement. **Appendix E** lists all 76 conditions and their districts and schools as of the March 2012 announcement.

The SDA is using a proactively managed approach to prioritize and review the conditions identified for advancement. The conditions identified fall into the following categories; fire safety, structural issues, boilers and heating, ventilation and air conditioning (HVAC), electrical, domestic water and building envelope (roof, masonry, windows, etc.).

The SDA manages many projects identified as emergent, while others are delegated for District management, depending upon the project's scope and complexity. The SDA is in the process of designating some of these projects for district management (delegation). For those projects that are delegated, the SDA will execute a grant agreement with the District, who is then responsible for procuring and disbursing payment to the consultants and contractors. The SDA maintains oversight throughout this process.

Constructability Review to Bring Accountability

Determined to improve the construction process for all parties, the SDA has instituted an expanded Constructability Review process for capital projects that will move forward with a traditional design-bid-build approach to construction. The Constructability Review will provide the contractor with an opportunity to scrutinize the plans and specifications for a project to identify conflicts, omissions, or other deficiencies in the documents that might affect the schedule or cost to complete the work. The Constructability Review is intended to identify any issues that may give rise to later changes in the work, so that such issues can be resolved before commencement of construction.

The Constructability Review will typically be allotted a total of 8 weeks for completion. The contractor will be required to provide the Authority with a report noting any and all deficiencies identified. The contractor also will be required to participate in one or more meetings to review and verify the claimed deficiencies and to seek appropriate resolution of any verified issues. Following completion of the Constructability Review process, 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 been identified during the Constructability Review. However, the contractor will not be precluded from seeking compensation for a true unforeseen condition.

Innovation in Design

Following Governor Christie's announcement of the Capital Program in March 2011, SDA began development of the SDA Model Schools Program to use standardization in public school facilities projects managed by the SDA. The Model Schools Program accomplishes the SDA's key goals of attaining parity amongst all SDA Districts by establishing a cost effective approach towards construction requiring the repeated use of defined materials and systems. In doing so, the SDA will be able to provide more facilities for more students and stretch its limited resources. Standardization also establishes a means for SDA school facilities projects to be built in an educationally appropriate, sustainable, clean and environmentally friendly manner.

Newly Released Manuals Offer Guidance

During the reporting period, the SDA released the first components of the Model Schools Program, including two manuals, the "Materials and Systems Standards Manual" and the "Construction Details Manual." These manuals reflect SDA's ongoing internal effort to implement standardized designs for school facility construction projects. The Materials and Systems Standards and Construction Details manuals jointly provide guidance for achieving uniformity in an overall approach to materials and systems selection during the design phase of a project.

The SDA "Materials and Systems Standards Manual" outlines standards that select durable products, materials and systems that are of appropriate quality, are easy to maintain, and that reflect the budgetary constraints of a relatively low initial cost. Design components include foundations and superstructure, building shell (including exterior walls, windows and doors), interior construction (including interior partitions, doors and frames), interior finishes (including floor finishes, wall finishes and ceilings), electrical systems, and site improvements (including paving, fencing, and flagpoles), among other things. The SDA's in-house design studio is currently working on the next set of standards to the manual including; plumbing systems, lighting fixtures and

controls, communication, electronic safety and security, and equipment and furnishings as well as updates to previously issued sections based on research and application of the standards.

The Construction Details Manual contains standard construction details for select key materials and systems outlined in the Materials and Systems Standards Manual. Consultants should use this compendium of required construction details to ensure performance and functionality.

These manuals are living documents that will be updated and issued in phases as NJSDA project teams learn more efficient and effective ways to design and construct school facilities projects for New Jersey given the specific environmental and site challenges that impact the SDA Program. Both manuals were initially published on the SDA website in October 2011 and can be found at: <http://www.njsda.gov/Design/MSS.html>.

Kit of Parts

The SDA developed and implemented the Kit of Parts (KOP) in December 2011, to be used for final design and during construction of new school facilities. The goal of the KOP approach is to provide a prototypical school design, comprised of standardized component elements, which can be easily rearranged to respond to varying site and other conditions while allowing for greater consistency in multiple Capital Program projects. Additionally, KOP promises to provide quality educational facilities more cost effectively, reduce the time and expense required for design of SDA school facilities and serves as a first step toward higher levels of design standardization.

The KOP is comprised of three main elements: model programs, model educational specifications and component elements. The Model Programs found in the KOP describe the number and type of rooms and spaces that are needed in a school facility. The SDA has thus far developed four basic programmatic models with 16 potential variations, including classrooms, science classrooms/laboratories, instructional and administrative support areas; specialized instructional areas (Art, Music, Technology), physical education, dining, and assembly areas (cafetorium or multi-purpose options);

main office, nurse, student services, and media center; and pre-kindergarten classrooms and support.

The Model Educational Specifications include two features – Room Ed Specs and Room Fit-Out Lists. The Room Ed specs describe the programs and activities that are needed at the new facility, the desired spatial relationships and the special environmental requirements of each space. The Room Fit-out Lists describe the amount, type and size of required fit-out elements, such as furniture, fixtures, technology, etc. and identify the parties responsible for providing them.

Finally, the Component Elements detail the basic building blocks of a school facility. It identifies the instructional, large group, core and PK (pre-Kindergarten) areas of the building.

The SDA is working to identify the projects that may benefit from a KOP approach. Several of the 2011 Capital Project Portfolio projects have been designated as potential design-build candidates with a KOP approach. Application of the KOP prototype to a particular project is based upon the identification of an appropriate model program based on grade alignment and target capacity, confirmation of required pre-kindergarten capacity, if any, test-fit of model components on project site and the evaluation and comparison with other alternatives for project delivery, including advancement of existing design, if any.

Design-Build

Leveraging the commitment made to the pursuit of standardization, the SDA is advancing a design-build approach to selected Capital projects. The design-build method differs from the traditional approach by allowing the SDA to contract with one firm for both design and construction of the school facilities project. Because design-build allows for overlap of the design and construction activities, it is more efficient than the traditional approach, which involves retention of an architect to design the project, then bidding out the construction contract.

The design-build approach will utilize the Authority's in-house Design Studio, which was established in Fall 2011. Design Studio staff will be responsible for developing the education specifications, schematic design documents and performance specifications which, in combination with the Authority's Materials and Systems Standards will serve as the "bridging documents" to support procurement of design-build services. The first project that will advance under the design-build method and a KOP approach, New Brunswick's Chester Redshaw Elementary School, will be advertised in the second quarter of 2012.

As the SDA moves forward with the design-build approach on selected projects, procurements will be finalized pursuant to the existing design-build regulations as modified by the New Jersey Superior Court, Appellate Division in a 2010 decision upholding the Authority's utilization of design-build. In March 2012, the Board approved revisions to certain regulations governing the Authority's procurement processes. Upon their final publication later this year, future procurements will proceed consistent with these new regulations.

An Agency Committed to Fiscal Responsibility

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 \$8.649 billion. No new bonds for construction of school facility projects were issued during the reporting period.

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.

Accountability through an Internal Audit and Assessment Group

The 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. Additionally, the Division is responsible for statutory (P.L. 2008, c. 39) audits/assessments of any school facilities project that has a State share exceeding \$10 million. For these audits, a program was developed in consultation with the Office of the State Comptroller, with the primary objective to ensure that State funds utilized for a school facilities project are expended prudently.

PAD submits assessments and audits to SDA's Audit Committee, which convenes monthly. During the reporting period, PAD completed and submitted three audits and/or assessments to the Audit Committee, including: SDA-Owned Real Estate, Use of Design Allowances and expenditure of funds for the Asbury Park Barack H. Obama (formerly Bangs Avenue) Elementary School.

Tracking and reporting on open audit observations and recommendations is also a PAD responsibility, with five recommendations closed during the reporting period.

At the November 2, 2011 Board Meeting, the Members approved the award of a contract for internal auditing consultant services to Experis Finance. Experis will perform tasks assigned on an as-needed basis in support of the SDA in-house auditing function. The consultant may also be requested to assist with the development or refinement of audit plans going forward.

Recovering Funds for Future Projects

SDA has turned the tide on recovering funds for the program. Recoveries have been achieved through multiple routes including successful rebate applications, errors and omissions and environmental cost recoveries. In addition, the SDA is actively pursuing project closeout and deed transfers to reduce the Authority's potential liability. With our limited and finite resources, the Authority is dedicated to all efforts that ensure efficient use of taxpayer dollars to provide for additional projects in the future.

During the reporting period, the Authority successfully facilitated rebates for two school facilities projects. This includes the receipt of \$1,039,640 in federal E-Rate rebates, a federal program recognizing the technological needs of both schools and libraries. It also includes the receipt of \$1,105,661 in Federal Green Acres funding which encourages open space preservation efforts through the creation of park-like settings as was done at the Catto Elementary School in Camden. Finally, the SDA received \$19,970 from the NJ Smart Start Incentive Rebate Program, a program that 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 April, 2012, an environmental cost recovery matter regarding a property in Newark was settled with multiple parties for \$800,000 and a settlement agreement was reached in another environmental matter with Getty Properties Corp. resulting in \$483,000 to the Authority. A mediation and negotiations are pending in several additional errors

and omissions cases. SDA continues to review all cost recovery opportunities including those identified by the SDA's internal audit team.

In terms of project close-out, the SDA completed nine deed transfers from November through the end of the reporting period. These nine projects were transferred to the school districts, thereby reducing administrative cost and liability for the Authority. The stream-lined Project Close Out process, adopted in July 2011, allowed the Authority to close out seven Capital projects and nine Emergent projects during the reporting period.

Expanding Outreach Efforts to Stakeholders

Reaching Out to Small Businesses Through SMWBE Training

The SDA continues its effort to attract and retain small, minority and women-owned business (SMWBE) enterprises, vendors and consultants to work on school facilities projects throughout the State. In 2011, the SDA conducted its initial in-house contractor business development program to provide technical assistance that will enable small, minority and women-owned businesses to successfully do business with the Authority. The program was facilitated by SDA personnel and combined informational seminars and instruction to participating businesses. Participants received instruction and information in the areas of bidding, estimating, scheduling, budgeting, insurance, safety, finance and marketing over the course of 12 weeks in its Trenton and Newark locations.

Ms. Anamarie Novoa-Gomez is the President of Belier Construction Corp. based out of Teaneck, NJ. As a woman-owned business enterprise, she was looking for ways to expand her general contracting business. Ms. Novoa-Gomez heard about the SDA's SMWBE Contractor Training Program by way of an advertisement placed in her local newspaper.

After 12 weeks of training, Ms. Novoa-Gomez and Belier Construction Corp. was one of 16 participating firms who received Certificates of Completion from the program. Of the program, Ms. Novoa-Gomez stated, "It was excellent and well presented." She went on to further state the program has impacted her business by "assisting her firm in navigating the process of becoming SDA prequalified, especially receiving DPMC classification."

Belier Construction Corp. is now better prepared to bid on future SDA projects as both a prime contractor and subcontractor. As a result of participating in the training program, the firm made the strategic decision to bid on SDA Capital Projects as well as projects undertaken by recipients of ROD Grants.

Having delivered the in-house program for a fraction of the cost of outsourcing, the SDA is hosting its second group of participating firms. The Spring 2012 program is being conducted over a 10 week period from April through June. The program has 8 weeks of instruction commencing with an Orientation and culminating with a Networking Graduation Event. Taking into account the feedback that was received from the initial graduates, the SDA added a class session dedicated to Bonding for the spring 2012 program. There are 13 firms participating in the Spring 2012 program. The SDA intends to offer future sessions of this program to assist as many SMWBE firms as possible.

Recommendations for Change

The SDA periodically examines its statutes, policies, and procedures to evaluate their effectiveness in the delivery of the state's school construction program. At the recommendation of various stakeholders, including the Legislature, the SDA has started working group meetings with the DOE and other interested parties to consolidate and propose comprehensive recommendations for change. For example, following consistent requests for its review, the working group is evaluating the statute that limits the ability of SDA Districts to complete projects valued at more than \$500,000 on their own. We will continue to report our progress and any recommendations to the Legislature as they are identified.

Appendix

A – Small Business Enterprise (SBE) Contracts Awarded

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

C – Cost of Construction per Square Foot Comparison to MSA

D – SDA ROD Grant Program by County

E – List of 76 Potential Emergent Projects Identified for Potential Advancement

Note: This report does not include information on the number of projects approved by DOE and those undertaken by SDA as there were none during the reporting period. Therefore, the report also does not include any information on approved projects that exceeded the facilities efficiency standards.

Appendix A – Small Business Enterprise (SBE) 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 (October 1, 2011 – March 31, 2012)	
Total SDA Construction Contracts	\$ 3,443,845.12
Total SBE Contracts	\$ 1,499,528.20
Percentage of SDA Contracts Awarded to SBEs	43.54%

SDA Contract Awards to Minority-Owned Business Enterprises (October 1, 2011 – March 31, 2012)		
Total SDA Construction Contracts	\$ 3,443,845.12	
Total Contracts to Minority-owned Business Enterprises	\$646,400.00	18.77%

SDA Contract Awards to Small Women-Owned Business Enterprises (October 1, 2011 – March 31, 2012)	
Total SDA Construction Contracts	\$ 3,443,845.12
Total SWBE Contracts	\$ 757,104.00
Percentage of SDA Contracts Awarded to SWBE	21.98%

Appendix B - Number of Minority/Female Work-Hours By Trade

Construction Contracts: Number of Minority/Female Work-Hours by Trade (October 1, 2011 – March 31, 2012)					
Trade	Total Work-Hours	Minority Work-Hours	Minority Percent Work-Hours	Female Work-Hours	Female Percent Work-Hours
Asbestos	2,951	624	21.15%	0	0%
Bricklayer or Mason	8,115	2,758	33.99%	0	0%
Carpenter	10,011	1,901	18.99%	0	0%
Demolition	16	0	0%	0	0%
Driller	8	0	0%	0	0%
Electrician	9,696	1,099	11.33%	556	5.73%
Glazier	702	272	38.75%	0	0%
HVAC Mechanic	1,109	139	12.53%	0	0%
Insulator	536	232	43.28%	0	0%
Ironworker	1,278	448	35.05%	0	0%
Laborer	11,793	6,703	56.84%	12	0.10%
Operating Engineer	2,703	221	8.18%	0	0%
Painter	1,374	879	63.97%	0	0%
Plumber	5,611	786	14.01%	0	0%
Roofer	5,703	2,916	51.13%	40	0.70%
Sheet Metal Worker	2,637	1,014	38.45%	0	0%
Sprinkler Fitter	1,979	109	5.51%	0	0%
Steam Fitter	315	0	0%	0	0%
Surveyor	12	0	0%	0	0%
Tiler	456	0	0%	0	0%
Truck Driver	45	0	0%	0	0%
TOTALS	67,050	20,101	29.98%	608	0.91%

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

Appendix C - Cost of Construction per Square Foot Comparison to MSA

Metropolitan Statistical Area (MSA) Totals				
Cost Per Square Foot Comparison at Time of Bid				
Statistical Brief				
Source	Area	Elementary School	Middle School	High School
McGraw-Hill Metropolitan Statistical Area (October 2011 - March 2012)	Philadelphia	-	-	-
	New York	\$545	\$456	-
School Planning & Management by Regions 1 & 2 State Average ¹ (January - December 2011)	Regions 1 & 2 Average	\$293	\$321	\$294
Philadelphia School District (4th and 1st Quarter Actual)	Philadelphia	-	-	-
New York City School Construction Authority (July 2010 - June 2011)	New York City	\$504*	-	-
SDA Managed Projects (4th and 1st Quarter Actual)	New Jersey	\$252 [^]	-	-
<p><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></p> <p><i>1 - Previous reporting from School Planning & Management was for Region 2 (for NJ, NY and PA only). Current 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></p> <p><i>*Numbers reflect the New York City Mayor's Management Report September 2011 costs at completion excluding budgeted Change Order Contingency of 10% percent.</i></p> <p><i>[^]Cost at Bid for one SDA District Elementary School- George L. Catrambone Elementary School Long Branch, New Jersey</i></p>				

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 the 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 D - SDA ROD Grant Program By County For the Reporting Period

	Number of Grants Executed	Number of Districts Impacted	Number of Schools Impacted	Total State Share	Total Local Share	Estimated Total Project Costs
Atlantic	6	1	3	\$318,161	\$249,438	\$567,599
Bergen	21	6	11	\$18,802,472	\$33,290,518	\$52,092,990
Burlington	1	1	1	\$15,000	\$22,500	\$37,500
Camden	5	2	3	\$4,060,135	\$3,025,538	\$7,085,673
Cape May	1	1	1	\$568,910	\$853,366	\$1,422,276
Essex	1	1	1	\$1,239,226	\$1,310,098	\$2,549,324
Gloucester	5	2	4	\$15,482,314	\$41,035,762	\$56,518,076
Hunterdon	1	1	1	\$30,866	\$46,299	\$77,165
Mercer	41	3	14	\$4,448,887	\$6,627,953	\$11,076,840
Middlesex	21	2	11	\$3,033,928	\$4,550,894	\$7,584,822
Monmouth	6	2	5	\$815,584	\$1,223,376	\$2,038,960
Morris	3	2	3	\$580,158	\$870,238	\$1,450,396
Ocean	15	2	14	\$1,517,593	\$2,079,330	\$3,596,923
Salem	1	1	1	\$542,986	\$444,514	\$987,500
Somerset	2	1	2	\$72,980	\$109,470	\$182,450
Sussex	1	1	1	\$34,910	\$52,365	\$87,275
Union	8	2	6	\$453,212	\$679,818	\$1,133,030
Warren	8	2	5	\$1,002,430	\$1,460,849	\$2,463,279
TOTAL	147	33	87	\$53,019,752	\$97,932,326	\$150,952,078

Appendix E – Potential Emergent Projects Identified for Potential Advancement (as of 3/2012 announcement)

District	School Name	Deficient System
Asbury Park	Asbury Park HS	Roof
Asbury Park	Asbury Park MS	Roof
Bridgeton	Broad Street School	Structural
Burlington City	Captain James Lawrence ES	Roof
Camden City	Bonsall ES	Structural
Camden City	Cramer ES	Structural
Camden City	Lanning Square at Fetters ES	Structural
Camden City	Pyne Poynt MS	Structural
Camden City	Sharp ES	Roof
Camden City	Yorkship ES	Boiler
East Orange	Campus HS	Roof
Garfield	Washington Irving ES#4	Boiler
Garfield	Woodrow Wilson ES#5	Boiler
Gloucester City	Mary Ethel Costello	Fire Safety
Gloucester City	Mary Ethel Costello	Structural
Harrison	Hamilton Intermediate School	Roof
Harrison	Washington MS	Structural
Hoboken	Brandt ES	Exterior Masonry
Irvington	Chancellor Avenue ES	Roof
Irvington	Madison Avenue ES	Roof
Irvington	Union Avenue MS	Exterior Masonry
Irvington	University MS	Exterior Masonry
Irvington	University MS	Roof
Jersey City	A. H. Moore School	Exterior Masonry
Jersey City	Alexander D. Sullivan School 30	Exterior Masonry
Jersey City	Ferris HS	Roof
Jersey City	Nicolaus Copernicus School 25	Roof
Jersey City	PS 23 Duncan Ave Annex	Boiler
Millville	Holly Heights ES	Roof

District	School Name	Deficient System
Newark	(Dr. E Alma) Flagg	HVAC
Newark	(Malcolm X) Shabazz	Exterior Masonry
Newark	(Malcolm X) Shabazz	Roof
Newark	Abington Avenue ES	Exterior Masonry
Newark	Abington Avenue ES	Roof
Newark	Ann Street ES	Roof
Newark	Arts HS	Exterior Masonry
Newark	Avon Avenue ES	Exterior Masonry
Newark	Burnet Street ES	Exterior Masonry
Newark	Chancellor Avenue Anx ES	Roof
Newark	Chancellor Avenue ES	Structural
Newark	Dayton Street ES	Roof
Newark	Eighteenth Avenue ES	Exterior Masonry
Newark	Eighteenth Avenue ES	Roof
Newark	Fourteenth Avenue ES	Exterior Masonry
Newark	Hawkins Street ES	Boiler
Newark	Hawthorne Avenue ES	Structural
Newark	Madison ES	Exterior Masonry
Newark	Maple Avenue ES	Exterior Masonry
Newark	McKinley ES	Roof
Newark	Newark Vocational HS	Exterior Masonry
Newark	Newark Vocational HS	Windows
Newark	Peshine Ave ES	Exterior Masonry
Newark	Ridge Street ES	Boiler
Newark	Sussex Avenue ES	Boiler
Newark	Weequahic HS	Exterior Masonry
Newark	West Side Academy	Roof
Newark	West Side HS	Structural
Newark	West Side HS	Electrical
Newark	Wilson Avenue ES	Exterior Masonry
Newark	Wilson Avenue ES	Windows
Orange, City of	Cleveland ES	Structural
Orange, City of	Oakwood Av. ES	HVAC
Passaic City	School 11	Exterior Masonry
Passaic City	School 12	Exterior Masonry

District	School Name	Deficient System
Paterson	Roberto Clemente School	HVAC
Plainfield	Cook	Roof
Plainfield	Plainfield HS	Windows
Salem City	Salem HS	Roof
Salem City	Salem MS	Exterior Masonry
Trenton	Hedgepeth-Williams School	Other
Trenton	Trenton Central HS West	HVAC
Trenton	Wilson ES	HVAC
Vineland	Vineland HS	HVAC
West New York	PS No. 1	Structural
West New York	PS No. 5	Structural