



MEMORANDUM

TO: Directors of the Corporation

FROM: Larry Hanover
Public Information Officer

DATE: March 15, 2007

SUBJECT: New Jersey Schools Construction Corporation (SCC)
February Progress Report

Mission Statement

Create a brighter future for our children by renovating, building and funding cost-effective and efficient state-of-the-art community schools that support high quality learning environments to better prepare students for successful careers and leadership in the 21st Century in New Jersey and beyond.

Partner with communities and leaders in business, education and government to support our programs, policies and projects to create greater opportunities for our children, businesses and workforce.

Introduction

In February, SCC Chairman Barry Zubrow and CEO Scott Weiner testified before the Joint Committee on the Public Schools. They updated state lawmakers on the status of reform efforts, discussing an overhauled project cycle that includes use of the new prioritization methodology to focus on educational and other critical needs. The presentation also pointed out that SCC management has undergone an almost complete turnover and that cost recovery efforts are under way. The chairman and CEO reiterated the need for action on the authorization of new funding and changes to the school construction legislation.

The SCC filed its first claim seeking to recover costs stemming from delays in completing a project. The SCC sent notice to Hunt Construction Corporation, of Princeton, on February 7th assessing \$749,000 for failure to complete Newark's Science Park High School in the time frame required under contract

The SCC launched its On-Call Demolition Program to create a pool of bidders to accelerate the process of demolishing buildings on its vacant properties. In a related move, the SCC and Essex County Prosecutor's Office announced "Operation Red Cap," a

public safety initiative targeting abandoned buildings in Irvington that are slated for demolition.

Beth Sztuk, SCC Senior Director of Management and Planning, joined Elizabeth district officials at the formal dedication of Ronald Reagan Academy, which opened to students last September. The district also dedicated the school's media center to six Elizabeth residents who died September 11, 2001 at the World Trade Center.

Keansburg and SCC officials celebrated the start of demolition work to raze a former bus depot in preparation for construction of Lorraine Place Elementary School.



SCC Moving Ahead with 'On-Call' Demolition Program

The SCC is advertising for a pool of bidders for a new program that will dramatically speed up the process of demolishing buildings on its vacant properties.

Under the new On-Call Demolition Program announced in February, the SCC will enter into contracts with multiple, prequalified contractors for demolition and asbestos abatement. When the SCC determines there is a need to demolish a group of buildings, the pool of firms will have the exclusive right to compete for the work. This will allow the agency to move more quickly after acquiring properties and relocating residents.

“The SCC has an obligation to tear down its vacant and abandoned buildings as soon as possible because of the risks they pose to public safety,” said Scott Weiner, chief executive officer of the corporation. “Empty, boarded-up structures not only require continuous security and maintenance but degrade a community. This program will allow us to move far more expeditiously to improve the quality of life in those neighborhoods.”

Under the customary process, the SCC generally has waited until all properties on a future school site were assembled before bidding out a demolition contract. Under On-Call Demolition, the SCC intends to move within 30 to 60 days after a small group of properties is bought and vacated.

Once established, only pre-approved contractors will be eligible for projects that are part of the program through January 2009. By establishing the pool and efficiently grouping buildings to demolish at one time, the SCC expects a competitive process that will drive prices down.

All interested contractors meeting basic requirements are eligible to be part of the pool.

Essex Prosecutor, SCC Target Vacant Irvington Homes

Essex County Prosecutor Paula T. Dow and SCC Chief Executive Officer Scott Weiner announced a public safety initiative February 15th that targets 50 abandoned buildings in Irvington that are slated for demolition. Coined “Operation Red Cap,” the initiative was developed by the Essex County Prosecutor’s Arson Task Force, the New Jersey Schools Construction Corporation and the Irvington Fire Department in response to numerous fires in and around several abandoned buildings in Irvington, including a fatal fire that destroyed three homes in November. A special task force, consisting of representatives from the New Jersey State Police-Irvington Initiative Unit, the Essex County Social Services Office, the Irvington Neighborhood Improvement Corporation, the Irvington Fire Department, the SCC and the Essex County Prosecutor’s Arson Task Force was formed in mid-January.

“Several of these abandoned buildings have been dangerously occupied by destitute people, used as stash houses by drug dealers and drug users, and were an eyesore for the rest of the community,” said Prosecutor Dow. “Through a special partnership between state, county and local agencies, this initiative is designed to enhance public safety, reduce crime, and improve the quality of life for the citizens of Irvington.

“We take our responsibility seriously to do everything possible to address public-safety issues in neighborhoods where we purchased properties for future school projects,” said Weiner. “We are committed to this important initiative. It is also an example of how the SCC is improving its effectiveness in collaborating with others on problems in general.”

The buildings targeted for demolition are located on 19th Avenue, 20th Avenue, 21st Street, 22nd Street, Nelson Place and Standard Place, the site of the planned Irvington Middle School.

Last month, the SCC awarded a \$2.7 million contract, which calls for the demolition of 31 houses at the Irvington Middle School site. The SCC began acquiring property in the

East Ward neighborhood two years ago, but the project was among those suspended in 2005 for lack of funds. A notice to proceed was given for demolition on Feb. 22.

On January 24, 2007, 30 abandoned buildings were searched and secured by the task force. During investigations, officials found several propane heaters, propane tanks, gasoline cans, candles and handgun ammunition. All of the buildings were unoccupied during the early morning raids. Occupants found in these vacated buildings will be subjected to a records check and arrested on any outstanding warrants. In addition, representatives from Social Services stand ready to relocate any homeless person.

On November 30, 2006, Irvington Fire Department responded to a fire at an abandoned home located at 76 22nd Street. The burning building, which was located on SCC property, and occupied by a homeless man, quickly spread to two adjacent buildings, which were also destroyed by fire. The homeless man perished in the fire.

SCC Seeks Damages for Delays at Science Park High School in Newark

The SCC has filed its first claim to seek recovery of costs stemming from delays in completing a project. The SCC sent notice to Hunt Construction Corporation, of Princeton, on February 7th assessing \$749,000 for failure to complete Newark's Science Park High School in the time frame required under contract. Damages were assessed through January 31, 2007 and continue to accumulate. The project was to have been fully completed by July 15, 2006, but many items still remain unfinished. The school opened for students after a temporary certificate of occupancy was received November 14.

The filing of the claim is the SCC's latest legal effort to recover funds on behalf of taxpayers. In late December, the Attorney General's Office filed suit on the SCC's behalf to begin an initiative to recover costs for projects affected by professional design errors. Earlier that month, an initiative was launched to sue for the costs of environmental cleanups incurred in connection with new school construction.

"Some delays may be unavoidable in projects," said Scott Weiner, CEO of the SCC. "But in some cases, a contractor should be responsible for such costs. We will aggressively seek to recover costs in those instances on behalf of New Jersey taxpayers."

Under contract, much of the work on Science Park was supposed to be substantially complete by February or March. The remainder was required to be ready for a temporary certificate of occupancy by June 30. The SCC has assessed damages from the various dates through the school's November 14 opening.

Final completion on the project should have occurred in a staggered time frame ranging from March through July. Yet a 19-page "punch list" of items remains incomplete. Damages regarding final completion were calculated through January 31, 2007 and continued to accumulate.

In late December, the Attorney General's Office sued on behalf of the SCC to recover more than \$3.5 million from STV Architects Inc. of Newark and El Taller Colaborativo of Newark, an engineering firm hired by STV as a subcontractor on the Mount Vernon School project in Irvington. The four-count suit involves structural and design defects.

Earlier that month, the Attorney General's Office filed on behalf of the SCC to recover \$885,000 from Getty Petroleum Marketing, Inc., of East Meadow, N.Y., Getty Properties Corp., of Jericho, N.Y., and Power Test Realty, also of Jericho. The two-count SCC lawsuit focuses on petroleum-product-related contamination found in the soil and groundwater at the site for what became Public School #30 in Elizabeth.



Demolition Work Begins at New School Site in Keansburg

Demolition work began February 22 in preparation for construction of Keansburg's Lorraine Place Elementary School, the first new school to be built in the borough by the SCC. The new Lorraine Place School will provide 21st century academic opportunities for 600 students in the 3rd through 5th grades in this Monmouth County community and facilitate the district's reorganization of preschool and elementary educational programs. Demolition work by Slavco Construction Inc. of Clifton includes razing a maintenance garage and sheds at a former bus depot. The site will be remediated, graded and fenced.

Keansburg School District and SCC officials marked the occasion in a brief ceremony at the construction site at Lorraine Place and Euclid Avenue near Route 36. The school will be built on a 6.54-acre site near Bolger Middle School and a short distance away from the borough high school, creating an educational campus for the district.

Scott Weiner, SCC chief executive officer, stated, "This site work is a significant step toward the construction of a new state-of-the-art elementary school that will address the needs of students in the Keansburg district."

Barbara Trzeszkowski, Superintendent, said, "Keansburg is an Abbott district that works. We are extremely pleased the construction of the new Lorraine Place School will have a direct impact on the district's ability to continue to provide outstanding educational programs in state-of-the-art facilities that equalize opportunities for our children and will have a lasting impact on generations to come."

Lorraine Place School will be an 86,000-square-foot, 3-story facility that will include classrooms, a media center/library, an auditorium and a gym. It will house the offices of the Keansburg Board of Education. The school is being designed by NJ K-12 Architects, LLC of New Brunswick. Greyhawk of Moorestown will manage the project for the SCC. School construction is to begin by summer 2008 and be completed by summer 2010.

Construction Update

Construction Status

From its inception in 2002 through February 28, 2007, the SCC has completed 30 new schools and 26 major additions/renovations. There are currently 32 projects under construction.

Construction Starts

As of February 28, 2007, the SCC has entered into construction contracts that total \$2,961,451,710 since its inception in 2002.

Contractor Procurement

Construction bids were advertised in February for an expedited demolition contract and school projects in Jersey City and Newark. (Exhibit A)

School District Grants

From its inception in 2002 through February 28, 2007, the SCC has executed 2,560 Section 15 grant agreements in all 21 counties with districts that receive less than 55% of their budget in state aid. To date, 1,430 schools in 473 districts have been impacted by the Section 15 grant program. Total project costs amount to \$7,114,061,217 for which the state share totals \$2,207,317,949.

Office of Contractor And Workforce Compliance



The SCC Office of Contractor and Workforce Compliance is dedicated to increasing the availability and accessibility of construction opportunities for small, women, and minority-owned businesses, and to individuals and their families in New Jersey.

In some instances this means working with other State agencies and departments to serve the SCC's target population. In others, it is working with SCC project management firms (PMF) and other internal SCC divisions to encourage business opportunities and equal employment opportunities in the school construction program. The Office encourages firms that do business with the SCC to support diversity within their ranks and in their hiring. At every opportunity, the Office endeavors to promote the use of New Jersey's diverse business and workforce communities on SCC projects. Further programmatic information is available on the SCC website.

Conferences/Presentations

Joint Committee on the Public Schools, 2/6/07, Trenton

NJ Association of Business Women Owners Procurement Fair, 2/8/07, Edison

Start of demolition work for Lorraine Place School, 2/22/07, Keansburg

NJ Chapter of National Association of Minority Contractors, 2/22/07, Camden

Dedication of Ronald Reagan Academy, 2/26/07, Elizabeth

Larry Hanover

Attachments

