

MEMORANDUM

TO: Members of the Authority

FROM: Larry Hanover, Senior Public Information Manager

DATE: March 25, 2008

SUBJECT: New Jersey Schools Development Authority (SDA)
March Progress Report

Introduction:

SDA and Neptune Township School District representatives joined Department of Environmental Protection Commissioner Lisa Jackson, students, faculty and local officials at a ceremony in March to celebrate the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Gold Certification of Summerfield Elementary School. It is the first public school in New Jersey to receive the award, one received by only a few other public schools in the nation.

The USGBC LEED Green Building Rating System™ is a voluntary standard that defines high-performance buildings, which are healthier, more environmentally responsible and more efficient and sustainable structures. The high-performance features of the Summerfield School qualify it for LEED Gold.

"Neptune's Summerfield is to be congratulated for achieving LEED Gold certification," said Rick Fedrizzi, President, CEO and Founding Chair of USGBC. "Green schools provide the healthiest, safest environments for learning and growing – all while saving money, contributing toward mitigating climate change and improving our environment."

SDA CEO Scott Weiner remarked, "On behalf of the SDA, we are very proud of the productive collaboration with the Neptune School District, school board and community that has resulted in this award-winning school. The LEED Gold achievement is more than an award. It is a core mission of the SDA to build high-performance schools that are energy-efficient and environmentally friendly. Through its design, this building meets those goals and promotes better student performance."

DEP Commissioner Jackson said, "Just as a grade school can provide a solid foundation for a child's lifelong love of learning, green design can serve as an essential framework for a new generation of school-construction projects. Summerfield Elementary School serves as a model for future school building projects."

The 105,000-square-foot school offers a modern, efficient learning environment to 656 students in grades K to 5. Among the school's features is a cutting-edge geothermal design. To increase comfort, improve air quality and meet LEED standards, a ventilation system discharges fresh air through floor registers at very low velocity, creating a layer of heated or cooled air right where students sit. The school design incorporates other elements that connect to the environment including a daylight-filled solarium corridor, a music room that opens to an amphitheater, a cafeteria that features a fireplace and opens to an environmental patio, and a nature trail. The facility's design reduces energy and water consumption by one-third compared with a traditionally designed facility.

As directed by Executive Order No. 24 of 2002, the SDA designs all of its projects to meet the six LEED building criteria: sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality and innovation and design process. However, projects are not required to go through the formal process of certification. The 21st Century Schools Design Manual released by the SDA in May 2007 incorporates LEED standards to build schools that utilize high-performance standards and renewable and durable materials.

Cost Recovery Action in Elizabeth:

Substantial delays in completing the new Elizabeth Public School No. 28 have prompted the SDA to declare the general contractor in breach of contract. The SDA provided formal notice February 28 to Bergen Engineering Company of East Rutherford that it had until March 13 to get the project on schedule for completion on August 1, 2008 or receive an order of termination. The SDA later granted Bergen an extension until April 5.

The move is the latest in a series of actions by the SDA since early 2007 to hold companies accountable when they fail to perform as required under contract.

"Bergen Engineering has let down the students and staff of Elizabeth Public School No. 28, as well as the taxpayers of New Jersey," Weiner said. "Unforeseen problems can arise on any construction job, and we'll work with contractors when they demonstrate the capability to respond. There comes a time when we lose confidence in the ability of a company to complete the task that they were contractually obligated to perform. We will continue to take action where appropriate to ensure schools are delivered on time."

The contract originally required the school to be substantially complete by August 24, 2007, but the project fell behind schedule. In its formal notice, the SDA ordered Bergen to provide a viable recovery plan to ensure completion by August 1. Bergen is being required to immediately launch work and, if necessary, pay for overtime to meet the deadline. A review of Bergen's latest schedule submission shows that under the best circumstances, the general contractor likely would not complete work until November 2008. The new three-story building on South Front Street in Elizabeth will be about 119,200 square feet and have a capacity of 750 students for students in pre-K to 8.

Gilbane Follow-Up:

Moving forward after the termination of Gilbane Building Co., the SDA has awarded construction-manager contracts for six school projects in the Barnegat Township District and one in Neptune.

- A contract for work on the new Barnegat High School addition and a new elementary school was awarded to Armand Corp. of Cherry Hill for \$556,993. Armand is a Minority/Female-Owned Small Business Enterprise.
- A \$1,330,000 contract to AFG Construction Management Inc. of New York City was awarded for additions and renovations in Barnegat on Cecil S. Collins, Lillian M. Dunfee and Robert L. Horbelt elementary schools and Russell O. Brackman Middle School.
- An \$839,000 contract to Imperial Construction of Pine Brook was awarded for the new Midtown Community Elementary School in Neptune.

A new construction manager for East Orange's Elementary School No. 5 is expected to be named in early April. No impact is expected to any of the project schedules.

"Anytime a company is removed from a project, there is understandable concern about disruption to the project schedule," Weiner said. "But we pledged to the affected districts that we are committed to minimizing, if not avoiding, disruption. Our staff did an excellent job in achieving an expeditious turnaround time to ensure these projects are not affected by the changes in personnel."

Gilbane was terminated from 22 school projects as PMF and one as a construction manager. Fifteen projects do not require new construction managers since they are virtually complete or deferred for construction.

The decision to remove Gilbane followed a five-month formal mediation process regarding recovery of costs for errors by it and two other companies, which contributed to a yearlong delay in the opening of Neptune's Midtown Community School. The SDA rejected a proposal by Gilbane and terminated the company from all Authority projects due to fundamental differences that became apparent during the mediation process regarding the role and responsibilities of a Project Management Firm (PMF), whose scope of work is broader than construction management.

The SDA anticipates filing suit against Gilbane for costs attributable to the company's failures associated with the removal of mold from Midtown Community. The mediation, which the SDA facilitated to allocate liability among the three responsible parties,

yielded a total of \$6.5 million from Turner Construction, the general contractor, and SSP Architectural Group, which designed the project.

The SDA learned of the presence of mold in the exterior walls of Midtown Community in January 2007. The SDA hired experts to assess the conditions and to advise SDA concerning correction of the problem; work was undertaken with the guidance of the Department of Health. The brick façade had to be taken down and the exterior walls replaced to remove the mold. The walls and façade have been rebuilt. Opening is now scheduled for September 2008 after a year's delay.

Environmental Urban Site Review:

The SDA has awarded performance-based contracts to seven New Jersey professional environmental and engineering firms to address the challenges posed by the redevelopment of urban land for use as school sites.

Under the contracts, the firms will provide environmental services to support a new integrated site development initiative – the Site Feasibility and Environmental Site Closure Program – which the SDA recently initiated for construction projects in the 31 special-needs districts served by the Authority. These services will be used to deal with environmental issues that may arise throughout the life cycle of a school development project, encompassing planning, land acquisition, design, construction and site closure. Previously, environmental assessments were conducted only during the initial phases of a project.

"Redevelopment of our urban areas represents an important challenge and an opportunity for the SDA to take a leadership role. The SDA depends on the ability of experienced environmental and engineering firms to work hand-in-hand with our staff as well as school districts and municipalities to support the construction of healthy schools," Weiner said. He noted the contracts require the firms to support the SDA in communications with school district officials and the public about environmental issues that may arise.

The SDA awarded three-year contracts to Arcadis U.S., Inc. of Edison; French & Parrello Associates, P.A. of Wall; HACBM Architects, Engineers, Planners, LLC & The Whitman Companies, Inc. of Lawrenceville; Hatch Mott MacDonald of Millburn; Langan Engineering & Environmental Services, Inc. of Elmwood Park; The Louis Berger Group, Inc. of Morristown, and URS Corporation of Wayne. The SDA has the option to extend the pacts for a fourth year.

Other SDA news (as of March 25, 2008):

- A ribbon-cutting ceremony March 1 officially opened the new **Franklin L. Williams Middle School** in the Heights Section of Jersey City. The new facility accommodates over 900 students in 6th through 8th grades.

Upcoming Events:

- o March 27: Topping-Off Ceremony, **West New York PS #3**, West New York
- o April 5: Ribbon-cutting Ceremony, **Slaybaugh Elementary School** and **Davenport Elementary School**, Egg Harbor Township.
- o May 10: Ribbon-cutting Ceremony, **Harrison High School**, Harrison.

Construction Update:

The SDA currently has **26** projects under construction. Overall, the SDA has completed **41** schools and **37** major renovations and additions, along with nearly 400 health, safety and other projects in Abbott districts. The program also has distributed \$2.2 billion in grants, impacting more than 1,400 suburban schools statewide.

Contractor Procurement:

Construction bids were advertised in March for school projects in Buena and Egg Harbor Township. (Exhibit A)

Construction Contracts:

As of February 29, 2008, the authority has entered into construction contracts totaling \$3,338,288,105 since the inception of the school construction program in 2002.



Larry Harlover

