

# SDA

NJ SCHOOLS DEVELOPMENT AUTHORITY

## Biannual Report on the School Facilities Construction Program

June 12, 2008

For the period ending  
March 31, 2008

New Jersey Schools  
Development Authority  
1 West State Street  
Trenton, NJ 08625-0991





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June 12, 2008

Dear Governor Corzine, Senate President Codey, Assembly Speaker Roberts and the Joint Budget Oversight Committee:

We are pleased to present the second Biannual Report of the New Jersey Schools Development Authority (SDA). This report, covering the period from October 1, 2007 through March 31, 2008, is submitted as required by P.L. 2007, c. 137 (“The August 2007 Legislation”), which established the Authority.

Increased accountability, heightened efficiency and dedication to safeguarding the interests of New Jersey’s taxpayers remain foremost at the SDA as we work to fulfill our mission of providing the safe, modern schools that the children of New Jersey need and deserve.

One of the key developments highlighted in this report is the progress of the Project Charter initiative. Before this initiative, the SDA Board’s approval of projects was at sporadic intervals – most often limited to pursuit of land acquisition and at the time of construction contract award. Now, before the start of land acquisition and the procurement of architects and contractors, the Board reviews and approves charters that provide a detailed project schedule and scope of work, and an all-inclusive budget. Board approval allocates capital for the project. Thereafter, the SDA Board receives monthly reports on deviations in these data that may occur as a project progresses. Significantly, all reports presented to the Board are available to the public prior to all Board meetings.

To date, the Board has reviewed and approved charters on fully funded projects with delivery dates after November 2007, as well as others awaiting additional funding as part of the April 2007 Capital Deferral Plan.

Project charter data on budgets and projected completion dates are presented in this report for the first time. These data will serve as a baseline for future Biannual Reports, enabling analysis of the Authority’s success in delivering projects on time and on budget.

The SDA strives continuously for enhanced accountability and efficiencies in its systems and processes. Staff is developing regulations that will allow for delegating the management of projects to SDA Districts (formerly known as Abbott Districts), as permitted by the Program and Governance Reform legislation of August 2007. Also under development are standards for assessing and building district capacity. The SDA is developing an initial draft of a Real Estate Practices Manual, which when completed will serve as a comprehensive guide for evaluating, selecting and remediating school facilities project sites. We are anticipating publication of this manual in the third quarter of 2008.

During this reporting period, the SDA continued to demonstrate its commitment to take aggressive action to safeguard taxpayers’ interests. After mistakes by the architect, general

contractor and project management firm (PMF) working on the Midtown Community Elementary School in Neptune led to the development of mold at the facility, the SDA facilitated a mediation to allow the three parties to allocate financial responsibility among them. Turner Construction, the contractor, and SSP Architectural Group, the project designer, agreed to settlements totaling \$6.5 million. During mediation, it became apparent that fundamental differences existed between the SDA and Gilbane Building Co. regarding the role and responsibility of a PMF. As a result, the SDA terminated Gilbane Building Co. from all SDA-related projects and is moving forward with planned litigation to recover costs attributable to Gilbane's inadequate performance.

All of these efforts build upon the reform foundations put in place at the SDA during the past two years since Governor Corzine took office. Among other things, these reforms include ending the unacceptable practices of beginning construction before design is complete; starting design before land is acquired; and failing to prioritize projects based upon funding availability and educational need.

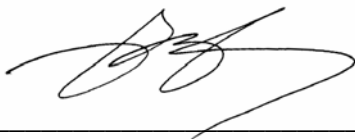
Furthermore, the August 2007 Legislation establishing the SDA strengthened agency governance. The law increased the number of public Board member positions from seven to 11 and required members to have expertise in areas relevant to the work of the SDA, including law enforcement, real estate development, construction management, finance, architectural or building design or other such fields. On May 22, 2008 the Senate approved two new board members, Karim A. Hutson, Managing Member for Genesis Partners, and Preston D. Pinkett III, Vice President, Social Investments, for Prudential Financial Inc.

Also, the legislation provides for greater controls related to land acquisition, initiating a 180-day moratorium on development approval or variances on sites identified for SDA school facilities projects. This will prevent speculators from taking steps to increase the market value of land before a transfer can occur.

The SDA will continue efforts to strengthen processes and systems as it prepares for the possibility of additional funding.

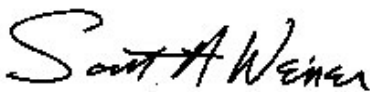
We hope you find this report comprehensive and informative. We look forward to your input as we continue in efforts to enhance the program.

Sincerely,



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Barry L. Zubrow  
Board Chairman



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Scott A. Weiner  
Chief Executive Officer



# I. Introduction

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The following is the Biannual Report of the New Jersey Schools Development Authority (SDA) for the period October 1, 2007 through March 31, 2008. The report is submitted under the provisions of P.L. 2007, c. 137 (“The August 2007 Legislation”), which established the SDA. The report requirements are attached as Appendix A.<sup>1</sup>

The SDA operates under the Educational Facilities Construction and Financing Act (EFCFA) of 2000, which was amended by the August 2007 Legislation. The 2000 Act authorized \$8.6 billion in bond financing to school districts to initiate the largest, most comprehensive preschool through 12<sup>th</sup> grade school construction program in the nation. The Act allocated \$6 billion for Abbott Districts, \$2.5 billion for Regular Operating Districts (RODs) and \$100 million for vocational schools. (Under the new School Funding Formula adopted in 2008 (P.L. 2007, c.260), the term “SDA Districts” replaces “Abbott Districts.”)

All funds authorized by the Act were spent or committed as of July 2005, with a reserve maintained for emergent projects and other unforeseen events. The SDA continues to work on numerous, previously approved projects as well as addressing emergent projects, while improving its systems and processes.

In January 2008, the Attorney General issued a letter to the New Jersey Supreme Court addressing the need for additional school construction funding. It stated the Governor’s intention to seek passage of legislation that would authorize a minimum of an additional \$2.5 billion to meet New Jersey’s school construction demands. As conceived, the legislation would dedicate a portion of existing State taxes to fund the debt service on that additional borrowing. On May 22, 2008, Assembly members Albert Coutinho and L. Grace Spencer introduced A2873, a bill that would increase EDA bonding by \$2.5 billion for SDA District school facilities projects and dedicate a portion of tax revenues for payment of the bonds.

School facilities projects begin at the Department of Education (DOE), which must approve them before they can be worked on by the SDA. Under EFCFA, the Office of School Facilities (OSF) in the DOE is charged with ensuring that proposed facilities are designed to provide for the delivery of a “thorough and efficient” education, as defined by the Core Curriculum Content Standards. The OSF must approve each district’s five-year Long Range Facilities Plan (LRFP) as well as the individual projects constituting that plan. As each district’s plan is implemented, the OSF has approval authority with regard to educational adequacy for schematic and final designs, site acquisitions and temporary facilities (swing

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<sup>1</sup> At the time of publication, Senators Ronald L. Rice and Sandra B. Cunningham had sponsored Senate bill S1601, which would require the inclusion of the number of school facilities project construction contracts entered into between the authority and minority and women contractors during the reporting period. The information would 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 development authority. This report fully meets these proposed requirements.

spaces) associated with individual projects. The SDA manages and funds 100 percent of school facilities projects for SDA Districts, including preconstruction services such as design.

Before the August 2007 Legislation, the SDA's predecessor, the Schools Construction Corporation (SCC), managed and funded predevelopment services, design and construction for what were then known as Abbott Districts, Level II monitoring districts, districts receiving 55 percent or more in State aid for education, and districts electing state management. Under the new legislation, such RODs will manage their own projects, although the SDA will continue to manage previously approved projects. Also, the \$500,000 cap on the cost of projects that can be delegated to SDA Districts has been removed. The August 2007 Legislation provides a mechanism that requires delegation of new construction, new additions and extensive rehabilitation projects to SDA Districts that are deemed capable and qualified by the DOE and determined by SDA to have the capacity. The DOE and SDA each are developing sets of regulations to address these issues. The SDA expects to publish its proposed regulations in August.

The SDA continues to administer previously committed grants for school facilities projects in districts receiving less than 55 percent State aid for education pursuant to N.J.S.A. 18A:7G-15 ("Section 15 Grants"). Initial funding for such grants, which covered 40 percent of eligible costs, has been spent or committed. The SDA has executed grants impacting 1,430 schools and 472 districts. The total State share was \$2,201,037,668, leveraging projects costing a total of \$7,092,352,232.

## II. Measurement of Progress

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The goal of the SDA is to effectively and efficiently manage the development of modern, educationally appropriate schools from design to completion.

The SDA continues to make significant progress in the initiation and completion of projects and the distribution of funds for projects in urban and suburban districts alike. Data on these areas are provided in this section, including details regarding completed projects since the program's inception, and totals for Section 15 grants, which leveraged construction throughout New Jersey's suburban districts with payments of 40 percent of eligible costs. Projected completion dates and information on new construction contracts are also provided, as well as data regarding project approvals by the Department of Education.

With a commitment to delivering projects on time and on budget, the SDA developed the Project Charter initiative to enhance accountability. The creation of project charters improves accountability by establishing the budget, scope and schedule of a project. The charter must be approved by the Board before land is acquired and design and construction can begin. Board approval allows for allocation of capital for a project. This section provides baseline data on the Project Charter initiative that will allow for comparisons against original budget figures and forecasted completion dates.

Finally, as required under the August 2007 Legislation, this section examines the SDA's performance in its construction cost per square foot in comparison to those of the New York City and Philadelphia Metropolitan Statistical Areas.

### ***a) Completed and active projects***

As of March 31, 2008, the school construction program has completed 575 projects in the SDA Districts. These completed projects are broken down as follows: 39 new schools; 39 extensive additions, renovations and/or rehabilitations; 20 other rehabilitation projects<sup>2</sup>; 354 health and safety projects; 121 Section 13 Grants for SDA District-managed projects under the former \$500,000 cap; and two demonstration projects. Demonstration projects, funded by the SDA, and under its oversight, are managed by a municipal redevelopment entity and redeveloper and are designed to be the cornerstone of revitalization efforts. In addition, 14 ROD projects managed by the SDA have been completed.



*Ribbon-Cutting at Sabater Elementary in Vineland*

The majority of SDA school completions occur in the fall, coordinating delivery of schools with the beginning of the school year. During the reporting period there were two SDA District school completions: Paterson Elementary School No. 24 and the Gloria M. Sabater Elementary School in Vineland, which is a demonstration project. In addition, Russell O. Brackman Middle School in Barnegat, an ROD project, was completed.

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<sup>2</sup> These totals reflect a reclassification of two schools reported on in the SDA's initial Biannual Report. After review, it was determined that the Mott Elementary School in Trenton is more appropriately characterized as an addition/renovation and the Anthony V. Ceres Elementary School in Perth Amboy belongs under the category of "other rehabilitation."

As of March 31, 2008, the SDA had 25 active construction projects in SDA Districts, four active demonstration projects and an additional eight projects ongoing in RODs. In addition, preconstruction activity continues for the 27 projects phase-funded through construction bid documents in the Capital Deferral Plan and Project Sequencing Strategy. There are an additional three SDA District projects and five ROD projects in design that are slated to start construction this year.

***b) Anticipated September 2008 school openings***

The SDA is forecasting the opening of 12 schools and the completion of four school rehabilitations in September 2008. The total of 16 school completions consists of 10 projects in SDA Districts (including one demonstration project) and six projects in RODs. The school openings and rehabilitation projects will impact more than 10,000 students. Nine SDA Districts will benefit from the 16 project completions, including six in the Northern (East Orange, Elizabeth, Jersey City, Newark, Paterson, and Plainfield), two in the Central (Trenton, Neptune Township) and one in the Southern (Burlington City) regions of the state. These projects are fully funded in the SDA’s Capital Deferral Plan and Project Sequencing Strategy.

<b>SDA Anticipated School Openings: 2008</b>		
<b>District</b>	<b>Project</b>	<b>Project Type</b>
<b>NEW SCHOOLS/ADDITIONS</b>		
Barnegat	HS – Addition	Addition
Barnegat	New ES	New School
Barnegat	Russell O. Brackman	Addition/Renovation
Burlington City	Burlington City H.S.	Addition/Renovation
East Orange	Mildred B. Garvin MicroSociety School	Addition/Renovation
Elizabeth	New pre K-8 #27	New School
Neptune Township	Neptune Community School	New School
Newark	New Central High School	New School
Paterson	International HS Academy (new)	New School
Paterson	Number 24 E.S.	Addition/Renovation
Plainfield	Emerson ES/Major Construction	New School
Trenton	Daylight/Twilight Alternative HS	New School
<b>REHABILITATIONS</b>		
Barnegat	Cecil S. Collins ES	Renovation
Cumberland Regional	Cumberland Regional HS	Renovation
Greater Egg Harbor	Oakcrest HS – Auditorium Renovation	Renovation
Jersey City	Number 34 E.S.	Façade Repair
Regular Operating District Managed Project		

### ***c) Project charters***

Project management at the SDA has been enhanced through the Project Charter initiative. This initiative was developed to improve accountability throughout the school facility development and construction process. Project charters establish the budget, scope and schedule of a project. The charter must be approved by the Board before land is acquired and design and construction can begin. Board approval allows for allocation of capital for a project. Project Teams develop the charters. The team concept ensures collaboration, including any and all stakeholders who are critical to the process of meeting performance benchmarks.

A critical component of the Project Charter initiative is the enhancement of SDA Board oversight. Board members are apprised of costs and schedule at the outset and must approve the project budget and life cycle for capital to be allocated. Before this initiative, the SDA Board's approval of projects was generally limited to pursuit of land acquisition and at the time of construction contract award, by which point the project was well under way and significant funds already had been expended on planning, design and land acquisition.

Since the Project Charter initiative was introduced, the SDA has approved 33 project charters for fully-funded projects in SDA Districts and 13 in RODs (see Appendix B). As of March 31, 2008, there has been only one Board-approved variance to a charter. The new Central High School in Newark required approval of an additional \$1 million in its budget for the installation of a turf field. The SDA Board receives monthly reports on variances to the project budget or schedule. The Board's approval is required on significant variances, as determined by the SDA Operating Authority, but notification of all other changes is provided as well. Variance reports are made available to the public before their consideration at a Board meeting.

The Project Charter initiative extends to phase-funded projects. Because an accurate schedule cannot be determined until new funding is made available, these phase-funded charters, as approved by the Board, have no projected completion date. These phase-funded charters include comprehensive budgets, but it is important to note that the budgets likely will change due to inflation resulting from funding delays. Approval of these phase-funded charters has allowed work related to land acquisition and design to proceed.

### ***d) Cost of construction per square foot comparison to facilities projects within Metropolitan Statistical Areas***

To address the August 2007 Legislation 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 Metropolitan Statistical Areas (MSAs), the SDA subscribes to specific statistical data reports from McGraw-Hill Dodge Construction Reports.

As defined by the United States Department of Labor, New York City and Philadelphia MSAs are identified in standards published by the federal Office of Management and

Budget (OMB). The most recent update to all statistical areas was issued by the OMB, Bulletin No. 07-01, December 18, 2006. Listed below are the current defined areas:

**Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area**

- Philadelphia, PA Metropolitan Division: Bucks County, Chester County, Delaware County, Montgomery County, Philadelphia County
- Camden, NJ Metropolitan Division: Burlington County, Camden County, Gloucester County
- Wilmington, DE-MD-NJ Metropolitan Division: New Castle County, DE; Cecil County, MD; Salem County, NJ

**New York-Northern New Jersey-Long Island, NY-NJ-PA Metropolitan Statistical Area**

(Principal Cities: New York, NY; Newark, NJ; Edison, NJ; White Plains, NY; Union, NJ; Wayne, NJ)

- New York, NY
- Edison, NJ Metropolitan Division: Middlesex County, Monmouth County, Ocean County, Somerset County
- New York-White Plains-Wayne, NY-NJ Metropolitan Division: Bergen County, NJ; Hudson County, NJ; Passaic County, NJ; Bronx County, NY; Kings County, NY; New York County, NY; Putnam County, NY; Queens County, NY; Richmond County, NY; Rockland County, NY; Westchester County, NY
- Newark-Union, NJ-PA Metropolitan Division: Essex County, NJ; Hunterdon County, NJ; Morris County, NJ; Sussex County, NJ; Union County, NJ; Pike County, PA

To provide more extensive comparisons of SDA projects with cost per square foot of other relevant projects, the SDA has used an additional recognized, national construction data sources: the School Planning and Management 2007 report, as well as information from the School District of Philadelphia and the New York City Department of Education School Construction Authority. The use of multiple sources to monitor and analyze construction cost assures addressing industry wide pricing trends. These sources also allow the SDA to compare cost per square foot using a common metric, such as cost-at-bid award.

The chart below reflects comparison of cost per square foot for new school construction (public and private schools) within the Philadelphia and New York MSAs. For the period from October 1, 2007 through March 31, 2008, the MSA comparative cost per square foot was measured by cost-at-bid award.

The SDA cost for construction remains well within the range of comparable costs experienced within the MSAs, and within or below the range of costs reported by the other sources.

The SDA-managed construction cost average for new elementary schools in the reporting period was \$265, representing cost per square foot bids of \$243 for Dudley Elementary School in Camden and \$281 for North Ward Park Elementary School in Newark. The MSA average construction cost for new elementary schools was \$251 in Philadelphia and \$378 in New York.

The Philadelphia School District awarded one bid for construction for a new elementary school in the first quarter of 2007 at \$269 per square foot. The New York City Department of Education School Construction Authority had a citywide bid award average of \$401 per square foot for new construction for July 2006 through June 2007; more current information is unavailable.

The SDA did not advertise or receive bids for any new high school construction in this reporting period. New high school construction in the Philadelphia MSA averaged \$253 per square foot; the average for the New York City MSA was \$198.

<b>Metropolitan Statistical Area (MSA) Totals</b>			
<b>Cost Per Square Foot Comparison</b>			
<b>Statistical Brief</b>			
<b>Source</b>	<b>Area</b>	<b>Elementary School</b>	<b>High School</b>
<b>McGraw-Hill Metropolitan Statistical Area (MSA) Public Schools (October 2007 - March 2008)</b>	Philadelphia	\$251	\$253
	New York	\$378	\$198
<b>McGraw-Hill Metropolitan Statistical Area (MSA) Private Schools (October 2007 - March 2008)</b>	Philadelphia	None in reporting period	None in reporting period
	New York	\$91	\$274
<b>National Clearinghouse for Educational Facilities (McGraw Hill, Dodge Reports) by State Average (1st Quarter 2008)</b>	Pennsylvania	\$204	\$255
	New York	\$258	\$428
	New Jersey	\$290	\$164
<b>School Planning &amp; Management by State Average (January - December 2007)</b>	NY, NJ, PA Average	\$233	\$287
<b>Philadelphia School District (4th quarter 2006 - 1st quarter 2007)</b>	Philadelphia	\$269	\$266
<b>New York City School Construction Authority (July 2006 - June 2007)</b>	New York City	\$401	\$345
<b>SDA Managed Projects (4th quarter 2007 Actual)</b>	Statewide	\$265	None in reporting period
<i>The table represents a statistical cross-section of data from numerous sources with report dates ranging from September 2006 to March 2008. Costs are at time of bid.</i>			

### ***e) Number of new projects undertaken by the SDA as approved by DOE***

As of July 2005, the SDA's \$8.6 billion allocation had been spent or committed to projects. In April 2007, the SDA Board adopted a Capital Deferral Plan and Project Sequencing Strategy for those projects, while maintaining a program reserve to address emergent conditions and other unforeseen events. Predevelopment approval for new projects since July 2005 has been limited to emergent projects.

In 2006, a prioritization task force representing key stakeholders, including superintendents, architects, academics, advocates, the DOE, the Department of Community Affairs (DCA) and SDA staff determined that emergent health and safety projects must have priority over other school facility projects and be addressed expeditiously. The task force recognized the challenge of identifying and funding truly emergent health and safety projects, recommending the creation of three categories of health and safety projects: imminent hazards, code violations and deferred maintenance. Each of these subcategories is distinguished from "emergency" repairs that are not considered school facilities projects, which can and must be addressed by the districts with their own funds.

As of March 31, 2008, the DOE has approved and transmitted eight emergent projects to the SDA. These projects are funded through the program reserve, established in April 2007 by the SDA Board with adoption of the Capital Deferral Plan. As of March 31, 2008, there was \$155.8 million in the program reserve for emergent projects and other unforeseen events.

There were no emergent projects approved by DOE during the reporting period. However, DOE is currently reviewing and assessing a total of 515 conditions reported by all 31 SDA Districts, with 25 percent to 30 percent expected to result in emergent designation. Site teams constituted of DOE and SDA staffs have visited all 31 SDA Districts to determine the extent of the reported conditions and identify those requiring detailed scope development. At the time of publication of this report, DOE is concluding its assessment of the information collected in order to authorize immediate pursuit by SDA – through the issuance of predevelopment approvals. It will also distinguish any conditions, such as emergency repairs, that are appropriate for district responsibility and pursuit. Project approvals resulting from this current activity will be detailed in the next Biannual Report.

### ***f) New design, construction and construction manager contracts***

Although no new funding has been authorized for the school construction program, the SDA continued to award contracts during the reporting period based on previously committed funds for approved projects in the Capital Plan.

Four construction management projects and 17 construction projects received a Notice to Proceed (NTP) during the reporting period. However, there were no new design contracts. Included in the 17 construction projects were two demolition contracts, and four E-Rate



contracts, which provide technology needs and participate in the federal Schools & Libraries Division E-rate program. The chart below indicates construction contracts that received a notice to proceed during the reporting period, or emergent projects that were approved by the DOE prior to this reporting period.

<b>Construction Management Contracts</b>				
<b>District</b>	<b>Description</b>	<b>Contractor</b>	<b>NTP Date</b>	<b>Award Amount</b>
Camden	Dudley ES	Hill International	11/16/07	\$1,292,529
Orange	Lincoln Ave. ES	Bovis	11/30/07	\$1,240,000
Newark	North Ward Park ES	Hill international	12/21/07	\$1,143,577
Newark	Speedway Ave. ES	Bovis	1/18/07	\$1,155,000

<b>Construction Contracts</b>				
<b>District</b>	<b>Description</b>	<b>Contractor</b>	<b>NTP Date</b>	<b>Award Amount</b>
Elizabeth	DTO-Academic HS	Tricon Enterprises, Inc.	10/2/07	\$447,153
Newark	Maple Ave ES – Emergent Project	Circle-A Construction Co. Inc.	10/2/07	\$1,396,000
Barnegat	Collins/ Dunfee/ Hornbelt ES Additions	Hessert Corp.	10/3/07	\$15,878,000
Newark	Speedway ES	Delric Construction	10/3/07	\$33,626,000
Newark	Lafayette Street ES Renovations	TCI Construction & Mgmt Co., Inc.	10/16/07	\$1,354,000
Keansburg	TCU Mold Remediation – Emergent Project	TCI Construction & Mgmt Co., Inc.	10/25/07	\$224,000
Newark	North Ward Park ES	Terminal Construction	11/1/07	\$33,342,000
Orange	Lincoln Ave. ES Swing Space – Our Lady of the Valley	Hilt Construction Inc.	11/2/07	\$1,639,891
Trenton	MLK/ Jefferson ES	Hall Construction Co., Inc.	11/7/07	\$35,477,000
Orange	Lincoln Ave. ES	Hall Building Corp.	11/14/07	\$28,965,000
Paterson	DTO – PS #24 ES Demo and Site Improvements	Tricon Enterprises, Inc.	12/4/07	\$520,000
Camden	Dudley ES	Cobra Construction Co., Inc.	1/23/08	\$21,430,000
Newark	Avon Ave. ES – Emergent Project	Circle-A Construction Co., Inc.	1/28/08	\$1,287,000
Newark	Speedway Ave. ES E-Rate	Promedia Technology	1/31/08	\$668,535
Newark	North Ward Park ES E-Rate	Promedia Technology	1/31/08	\$723,535
Orange	Lincoln Ave. ES E-Rate SBE	Promedia Technology	1/31/08	\$583,535
Camden	Morgan Village MS E-Rate SBE	Promedia Technology	2/4/08	\$470,535

### ***g) Number of school facility projects approved by DOE***

From October 1, 2007 through March 31, 2008, the DOE approved 92 projects. Only one of these projects is in an SDA District: Keansburg High School. An additional two are in districts receiving 55 percent or more of their budgets in state aid. The remaining 89 are in Regular Operating Districts and qualify only for debt-service aid through the DOE. All 92 projects had been previously initiated and were approved during the reporting period to proceed with the remainder of design.

This abbreviated list of project approvals in SDA Districts is not indicative of a lack of need for school facilities. It occurs only as a result of a lack of funding. The full extent of the need is demonstrated by the LRFPs submitted by school districts throughout New Jersey. The DOE is sequencing projects from these LRFPs by educational priority to develop a statewide prioritization plan. Using the DOE list, the SDA will develop a Capital Plan.

### ***h) Number of projects exceeding facilities efficiency standards***

As part of the approval process for all school facilities projects requiring educational adequacy review, whether SDA or ROD districts, OSF reviews the project for compliance with the Facilities Efficiency Standards (FES). Where a project exceeds the FES, OSF must determine whether the excess spaces are eligible for State funding pursuant to N.J.S.A. 18A:7G-5g and N.J.A.C. 6A:26-3.3. If the excess spaces are not eligible for State funding, the district may either modify its submission so that the school facilities project meets the FES, or locally fund any ineligible spaces.

Two key reasons for spaces in school facilities projects to exceed the FES and become ineligible for State funding are:

1. The spaces are of a type that is specifically identified as ineligible for State funding. These include, but are not limited to, swimming pools, greenhouses, athletic stadiums, garages, any building used for non-situational or non-educational purposes and any facility, building or structure used solely for administrative purposes;
2. The spaces are greater in size or number than the FES would support, such as a larger gymnasium, auditorium or library/media center, or the project contains additional specialized spaces that cannot be justified as being necessary to support the Core Curriculum Content Standards, such as additional art, music and science labs, yet these spaces are not justified by the school enrollment or scheduling requirements.

The OSF may approve space for State funding that is in excess of the FES when the district demonstrates that the additional or inconsistent space that exceeds the FES is eligible for State support for one of the following reasons:

1. The district has demonstrated a particularized need in that school facility related to required programs that cannot be addressed within the FES and all other proposed spaces are consistent with those standards;
2. Such spaces are necessary to comply with Federal or State laws for students with disabilities who are to be educated, to the greatest extent possible, in the same building or classes with their non-disabled peers and the requirements of N.J.A.C. 6A:26-3.3(e)(23) are met;
3. Such spaces are necessary to house the district's central administration, and the requirements of N.J.A.C. 6A:26-3.3(e)(3) are met; or
4. For SDA-managed projects, such spaces represent excess grossing factor that were approved based on a determination by the SDA that it was necessary for code compliance, constructability, site conditions and other reasons.

<b>Projects Exceeding Facilities Efficiency Standards</b>				
<b>Approval Totals: October 1, 2007 to March 31, 2008</b>				
	<b>Total School Facilities Projects Approved*</b>	<b>Required Educational Adequacy / FES Review</b>	<b>Projects Requiring Educational Adequacy/FES Review and Exceeding the FES</b>	<b>% of Projects Requiring Educational Adequacy/FES Review and Exceeding the FES</b>
<b>All Districts</b>	<b>92</b>	<b>18</b>	<b>3</b>	<b>17%</b>
<b>SDA Districts</b>	1	0	0	0%
<b>55% DAP-and-Over and Level II Districts</b>	2	0	0	0%
<b>Under-55% DAP Districts</b>	89	18	3	17%

***i) Regular Operating District grants***

As of July 2005, all of the program's funds for Section 15 grants, which fund 40 percent of eligible costs for school facility projects in RODs, have been spent or committed. Although the DOE and SDA have not advanced any new grants, the SDA continues to administer previously approved funding for grant projects.

As of March 31, 2008, the SDA has executed grants impacting 1,430 schools and 472 districts. The total State share was \$2,201,037,668, leveraging projects costing a total of \$7,092,352,232. More than 80 percent of New Jersey school districts have benefited from the program. An additional \$344 million has been spent or committed on projects in districts receiving more than 55 percent of their budgets in state aid, as well as on other RODs that elected to have the SDA manage their projects.

Under Section 15 grants, school districts can receive 40 percent of eligible project costs. However, the total received by these districts has averaged 31 percent. The actual percentage is lower due to ineligible spaces that school districts have chosen to construct. School districts must finance their local share of eligible costs and fully finance ineligible spaces that the DOE does not deem educationally necessary. To be eligible for funding, a school project needs to meet the FES as well as have elements deemed necessary for a thorough and efficient education by DOE. Grant payments are disbursed as districts attain specific project milestones.

### III. Stewardship of Public Dollars

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Numerous cost-saving initiatives have been developed and implemented, including improvements in such areas as maximizing reimbursements and rebates, and minimizing project life cycles. The SDA continues to aggressively pursue cost recovery actions in cases of design errors and omissions and project delays, as well as to recover environmental remediation costs.

As part of a project, district personnel receive training on the operation and maintenance of every building delivered by the SDA. The SDA is focusing effort on an initiative to build on that training to ensure the overall life of a school is not diminished, reducing future school construction costs by avoiding costs for repairs and renovations.

#### *a) Cost savings initiatives*

In December 2006, the agency's Board concluded that an investment in human resources combined with enhanced management of those resources would produce considerable program savings.

Five areas with the potential for program savings were identified as opportunities in which enhanced resources would increase productivity and accountability as well as produce savings. These opportunities include: improvements to project management; in-sourcing information technology purchasing, in-sourcing safety services, claims mitigation and proactive initiation of cost recovery action (see section below). By the end of 2007, substantial savings were realized in all four areas. The SDA achieved overall savings of \$35.2 million.

The SDA continues efforts to improve project management, including shortening the life cycle of projects. The SDA recognizes that every month saved in a project schedule translates into savings. The SDA is assessing the impact of its internal review of project plans and specifications to determine ways in which to expedite the process. By tightening its own review, the SDA expects to reduce the amount of time that the state DCA needs for its review and approvals.

The direct purchasing of school technology equipment has been a key area of savings. By purchasing with state master contracts rather than the past SCC practice of buying from general contractors, the Authority has been able to provide customized IT equipment to schools with savings ranging from 22 to 67 percent against budget. Because IT purchasing can now be made as part of the initial outfitting for a school, districts benefit from the latest available equipment.

Job site safety remains among the SDA's primary concerns. For all projects that received notices to proceed after January 23, 2007, the SDA used in-house Safety Coordinators rather than contract vendors. The transition has resulted in savings. Concurrently, safety statistics have improved.

The SDA is now using Construction Managers (CMs), whose duties are more focused than a Project Management Firm (PMF), as an alternative delivery method for new projects. The PMF concept is being phased out. The SDA has found that Construction Manager contract costs to date have been on par with the industry average, averaging 4.66 percent of the total project cost. Including construction management work, retaining design consultants and handling communication with districts, PMF fees had averaged 9.5 percent of total project cost. Authority CM engagements in 2007 incorporated a more appropriate and inclusive scope of services than the CM duties that had been assigned to PMFs. When costs are adjusted to reflect the additional scope, the Authority documented significant savings through 2007 attributable to this alternative delivery method.

A dispute-resolution process implemented by the Office of Chief Counsel has effectively mediated outstanding claims, established an ongoing process for the resolution of claims going forward, avoided millions of dollars in potential costs and allowed claims to be curtailed.

The SDA expects savings in these areas to be institutionalized in 2008, reaping benefits this year and beyond. The Authority will examine specific processes to determine where savings can be achieved.

### ***b) Cost recovery actions***

Cost recovery actions may be pursued where design errors and omissions have occurred, where delays are caused by the general contractor, and to recover environmental remediation costs. Also, change orders are screened for potential liability as a matter of standard operating procedure and referred to the Office of Chief Counsel, when appropriate, for possible cost recovery.

Taxpayers should not have to pay for mistakes made by architects, contractors and other professionals hired by the state. The SDA evaluates the circumstances surrounding an apparent error or omission and seeks restitution when appropriate. The SDA will mediate such disputes whenever possible but is prepared to litigate when necessary to protect the interests of New Jersey taxpayers.

The SDA's Office of Chief Counsel is aggressively and continuously assessing liquidated and other damages from those parties responsible for school facilities projects deemed unreasonably delayed. The SDA will continue to evaluate the performance of contractors responsible for providing goods and services.

Recovery of funds from responsible parties for the costs of environmental remediation of project sites remains an additional area of cost recovery for which actions are currently being initiated.

To fully investigate and prosecute these matters, the SDA has established an Environmental Cost Recovery Initiative Team to provide coordination among Legal, Real Estate, Environmental and Project Management staff with assistance from the Office of Corporate Governance. The team is currently identifying the full inventory of school projects that

involve environmental site remediation to determine those projects which qualify for recovery under the New Jersey Spill Compensation and Control Act, possible claims under the Landfill Closure Act and for natural resources damages. Upon completion of the inventory, the team will prioritize the inventory and begin to coordinate the filing of new complaints for recovery. Two actions were filed in 2007 and three additional actions have been filed to-date.

### ***c) Rebates and reimbursements***

The SDA seeks to generate additional revenues in support of project needs through reimbursements and rebates. The SDA is reviewing and strengthening processes to ensure it is obtaining available reimbursements and rebates, focusing on improving the systems tracking such revenues.

Such efforts promote SDA goals of sustainable schools and providing 21<sup>st</sup> century technology for students and staff.

An example of such efforts involves the federal E-Rate program. The SDA has recently redesigned its approach to claiming E-Rate technology reimbursements. Up to 90 percent of the cost of internal connections for Internet access, including cabling, switches and routers, is recoverable from the Federal Communications Commission through E-Rate.

### ***d) Efficiencies in investigatory support***

In April 2008, the State Attorney General announced that responsibility for review of construction contractors will be transferred from the Bureau of Fiscal Oversight to the Division of State Police beginning July 2008. This move was made to achieve budgetary savings while bringing the State Police's expertise into investigatory reviews. The Division of State Police and Bureau of Fiscal Oversight staffs are currently working side by side on conducting investigatory background checks necessary for SDA contractor qualification. SDA expects that the July transition from the Bureau of Fiscal Oversight to the State Police will be smooth.

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## **IV. Organizational Strategies and Initiatives**

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### ***a) Project sequencing strategy***

Initially, the SCC worked on all projects transmitted by DOE without regard to educational policy or need. As a result, the SCC worked on hundreds of projects for which it lacked funds for completion. By June 2005, the SCC had approximately 500 projects in progress or in queue for completion, representing \$13 billion in work for an agency with only \$1.4 billion available.

The SDA only works on projects for which it has funds for completion. The DOE, in consultation with the SDA, has focused during the reporting period on developing a statewide interdistrict prioritization plan that addresses educational need. The SDA will allocate funding for new projects in the order specified by the DOE priority list to determine which projects can proceed should additional funding be authorized by the Legislature.

As of March 31, 2008, LRFPs, used by DOE to develop its prioritization plan, had been approved by the Department for all 31 SDA Districts. The DOE has also completed its facilities needs assessments. Districts were asked to identify their most needed projects from the LRFPs, from which the DOE subsequently developed its prioritization plan.

In April 2007, due to a funding shortfall, the SDA had approved a Capital Deferral Plan and Project Sequencing Strategy that involved deferral of 27 projects for construction. If the Legislature authorizes additional funds, those 27 projects will proceed toward construction. The current cost estimate to complete those projects is approximately \$800 million.

The remaining portion of any new funding would go toward initiating projects on DOE's new prioritization plan and as reserve for emergent projects and unforeseen events.

### ***b) Assessing and building SDA Districts' capacity to manage projects***

The August 2007 Legislation establishing the SDA requires the agency to work with the DOE Commissioner to determine an SDA District's capacity for management of schools facilities projects. The DOE is required to establish regulations determining whether an SDA District is capable and qualified to manage a project. The SDA is required to establish its own regulations on SDA Districts' capacity to manage a project. These regulations will determine if a district has the knowledge and the staff to oversee school construction. In making this determination, the SDA will use such key criteria as the district's experience, a project's size, complexity and cost, and time constraints. The SDA is also responsible for the development and implementation of training programs to enhance an SDA District's capacity level.

The SDA is committed to working with SDA Districts to create an assessment process that recognizes their existing skills and abilities and augments them. To that end, the SDA has initiated discussion groups to encourage collaboration and communication with the school districts. Suggestions from these discussion groups will be incorporated into proposed regulations that will be published in August 2008 for further comment.

Delegation of management responsibility from the SDA to the districts is a core goal. Among the preliminary conclusions at the outset of the process, and based upon discussions with the districts, is that district capacity should be assessed on a project-by-project, rather than a district-wide, basis. Also, the SDA assumes that decisions to delegate responsibility for a specific project should be based on a formal application from a district requesting it.

A focus group, comprised of SDA staff and Superintendents and Facilities Directors from 11 SDA Districts, was created. Meetings were held April 7-8, 2008.

### ***c) Proactive collaboration with the Office of the Inspector General***

The SDA continues to work proactively with the Office of the Inspector General (OIG) regarding issues that may lead to waste in the school construction program. In addition to adopting OIG recommendations to enhance accountability at the agency, the SDA continues to refer matters to the OIG for investigation.

Also, consistent with the terms of a Memorandum of Understanding (MOU) between the SDA and OIG, the SDA has two Assistant Inspector Generals assigned to the Authority's West State Street offices. They were formally assigned in December 2006.

Under the MOU, the two assistant inspector generals have the authority to review and investigate operations of the SDA. The OIG staff members have full access to SDA records and, when necessary, conduct interviews of SDA staff and any entity doing business with the SDA.

A confidential OIG hotline also has been established at the SDA for staff members and others to report suspected waste or wrongdoing.

The SDA is continuing its efforts to ensure complete transparency in its operations and the proper functioning of all work at its project sites. By June 30, 2008, signage is scheduled to be posted at all SDA construction sites providing the number of the OIG hotline.

Members of the public and construction workers at the various sites are encouraged to contact the hotline to report suspicions of waste, fraud or abuse in connection with the use of funding for a school construction project. The Inspector General's Office will determine if an OIG investigation is appropriate or advise the complainant if the complaint should be referred to another state agency.

#### ***d) Procurement of outside counsel***

With the operations and needs of the SDA and its Office of Chief Counsel maturing, the SDA and the Division of Law have been developing a plan where the SDA would increasingly rely on its in-house counsel and, selectively, on outside counsel specializing in areas where subject matter expertise is required. A request for proposals was issued by the SDA to private law firms on April 15, 2008. Twenty-nine proposals were received and are being evaluated.

The SDA is seeking to procure the services of several law firms to provide assistance as needed in specialized areas such as condemnation, construction litigation, environmental and construction litigation. The Division of Law will continue to provide support in the key areas of statutory interpretation and responses to Open Public Records Act requests.

The SDA's use of outside counsel is expected to be budget neutral. Any request within SDA to utilize outside attorneys will require preapproval and be strictly controlled by the Chief Counsel and Vice President, Corporate Governance and Compliance. The transition is planned to take place in August 2008.

#### ***e) Project closeout initiative***

The SDA, acting upon the recommendation of its internal auditor KPMG, has worked during the last year on an initiative to formally define a closeout process for its projects. Although projects have been completed and documentation submitted to acknowledge completion of work and payment of vendor invoices, no formal closeout occurred. As a result, at times the legal time of transfer of schools back to districts has been vague, leaving the SDA and a district with no clear way to determine the responsible party should a system need repair after project completion.

The SDA has developed a standard operating procedure that promotes and ensures the successful transition of ownership of the project to the school district as well as the complete closeout of all contracts and processes associated with the construction of the school facilities project. The process is being used for all 22 schools opened by the SDA in September 2007 and will be used for the additional 12 school openings and four completions of rehabilitations scheduled for September 2008. The first signings of project closeout agreements will begin during the upcoming reporting period. The goal is to formally close out projects three months after a temporary certificate of occupancy is issued by the state DCA.

#### ***f) Small Business Enterprise (SBE) initiatives***

The SDA works under the state mandate to have 25 percent of all contracts awarded to Small Business Enterprises (SBEs). The SDA consistently has exceeded that target by a significant amount. Total SDA contracts awarded from October 1, 2007 through March 31, 2008 equaled \$182,863,289. Total contract dollars awarded to SBE contractors for that time period were \$63,181,591, representing 34.55 percent of the overall amount awarded.

The SDA recognizes that its percentages of award for Minority and Women Business Enterprises are a concern and continues in its efforts to improve its record. Of SDA's total contracts for the reporting period, \$1,029,364 (4.80 percent) went to African-American-owned Business Enterprises and none went to Hispanic-owned Business Enterprises. The work contracted to Asian-owned Business Enterprises equaled \$1,332,928 (6.22 percent). Overall, Minority-owned Business Enterprises received a total of \$2,362,292 (11.02 percent). See Appendix C for more details.

Out of 94 contracts to primary and subcontractors during the reporting period, four went to African-American-owned firms and three went to Asian-owned firms. Eleven of the 94 contracts went to female-owned business enterprises, all of which were SBEs. Five of the 11 enterprises were owned by minority women.

The SDA exceeded targets for percentages of workforce hours performed by minority workers. Hours for minority workers were 27.87 percent of the total, compared to the average target of New Jersey's various counties, which is 21 percent. However, work hours for females on SDA projects fell below target. Work hours for females represented 1.15 percent of the total, below the 6.9 percent participation goal used in each New Jersey county. County targets are set by the state Treasury Department, based on U.S. census data. See Appendix D for more details.

With regard to workforce on the job, the SDA continues to take a proactive approach to increasing minority and female participation. 2008 marks the sixth year of the SDA's Construction Trades Training Program for Women and Minorities (CTTP), benefiting SDA Districts. The SDA has set aside a total of \$18 million for minority and women worker programs to provide outreach and training to these SDA District residents.<sup>3</sup> The program falls under the August 2007 Legislation and had been previously authorized under the Treasury State Administrative Code, which allowed the SDA to dedicate to CTTP initiative ½ of 1 percent of construction dollars from projects valued at \$1 million or more. Currently, the SDA finances and oversees the CTTP through the New Jersey Department of Labor and Workforce Development, which administers and implements four countywide grant programs.

Programs under development include a comprehensive contractor training program, which will give instruction on all aspects of operating a small business, and a mentor-protégé program, which will pair small business enterprises with larger prime contractors.

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<sup>3</sup>The previous Biannual Report incorrectly listed the total set-aside for the CTTP as \$24 million. This figure included the 1/2 percent portion from demonstration projects; the SDA is reviewing whether funding from demonstration projects is eligible to be set aside for the training program.

<b>SBE Contract Totals</b>		
<b>October 1, 2007 - March 31, 2008</b>		
	<b>Award Amount</b>	<b>Percentage</b>
<b>Total SDA Contracts</b>	<b>\$182,863,289</b>	<b>100.00%</b>
<b>Total SMBE</b>	<b>\$1,242,928</b>	<b>0.68%</b>
<b>Total SWBE</b>	<b>\$1,006,800</b>	<b>0.55%</b>
<b>Total SBE</b>	<b>\$59,812,499</b>	<b>32.71%</b>
<b>Total SMWBE</b>	<b>\$1,119,364</b>	<b>0.61%</b>
<b>Total SBE/Minorities</b>	<b>\$63,181,591</b>	<b>35.55%</b>

<b>* Legend</b>	
SMBE	Small Minority Business Enterprise
SWBE	Small Women Business Enterprise
SBE	Small Business Enterprise
SMWBE	Small Minority Women Business Enterprise

### ***g) Real Estate Practices Manual***

The SDA Real Estate Practices Manual is intended to provide guidance on the procedures that will be followed by the SDA during the processes of identifying and acquiring land for school sites, evaluating site environmental feasibility, and, if required, developing a site remediation plan. It will also address the needs of individuals and businesses in cases where relocation is necessary.

The SDA expects to publish the manual in the third quarter of 2008. Publication of this manual will assist SDA stakeholders and all others interested in understanding the SDA's best practices on Real Estate matters. Those interested may include school districts and school boards, as well as community officials, local business and community leaders, parents, teachers, administrators, New Jersey governmental agencies, and such professional service providers as planners, architects and engineers.

The Real Estate Practices Manual is the result of an active collaboration between the Real Estate Services Division of the SDA and NJIT. The Real Estate Practices Manual will serve as a companion manual to the 21<sup>st</sup> Century Schools Design Manual, which addresses building sustainable, high-performance schools.

### ***h) Operating Authority***

SDA By-Laws require designation of individuals authorized to approve contracts, execute documents legally binding on the SDA, or sign checks and disbursements. Those designations are set out in the Operating Authority, which is approved by the SDA Board. Before the fourth quarter of 2007, Operating Authority provisions relating to most operational processes had been last modified in July 2005, with change order processes modified in June 2006.

During an August 2007 review of Operating Authority provisions, SDA executive management directed staff to recommend extensive alterations that would appropriately match the SDA's new emphasis on a collaborative Project Team approach, as well as

enhance control and reflect improved operational processes and transparency in Authority actions.

In October and November 2007 and March 2008, the Board approved substantial modifications to the SDA Operating Authority. Significantly, the Operating Authority requires Board approval of Project Charters and identifies levels of approval for all processes relating to the Project Charter, including the release of Program Contingency monies. Project Charters were developed to enhance accountability by requiring Board approval before land is acquired, or design and construction contractors are procured. Charters establish a project scope, schedule and budget. Deviations are reported on a monthly basis to the board.

Also, approval levels for procurement activities associated with Professional Services were revised to require co-approval by a Vice President when negotiations are involved in the procurement. Construction contract awards require Board approval at the \$15,000,000 threshold, or if the bid award exceeds the estimate contained in the Project Charter. For the first time, levels of approval were created to address both contract termination for cause or convenience, and final agency actions in response to procurement protests. In support of Governor Corzine's Executive Order 37, sole source contract awards require Board approval, and in the event of an emergent contract award, Board ratification is required. Approval levels for invoicing payments now require greater specificity of process and enhanced control. Additional levels of control were instituted with the modification of both change order and amendment processing approvals, including credit activity.

Revisions to the Operating Authority also provide for enhanced monthly reporting to the Board, including status reports on projects. These reports, which address project budgets and schedules, are an important element of enhanced project oversight and are included in Board materials made available on the SDA web site to the public in advance of each Board meeting.

Future refinements to the Operating Authority are anticipated as internal processes and controls are further enhanced.

### ***j) SDA as source of best practices***

The SDA continues to modify and enhance existing processes. Through sharing information on best practices and lessons learned — internally and with its stakeholders — the SDA promotes continued improvement and the establishment of higher standards.

During the fourth quarter of 2007, the SDA implemented a draft Commissioning Protocol, facilitated by NJIT, which provides architects and engineers with guidance in developing designs that meet the standards established in the 21<sup>st</sup> Century Schools Design Manual. Building commissioning is the systematic process of ensuring that a building's systems are designed, installed, and tested to perform according to the design intent and the building owner's operational needs.

Historically, commissioning has been limited to the operation and controls associated with mechanical systems, such as HVAC systems, which have a low tolerance for defects. During the past few years, the practice of commissioning has become more prevalent, and the construction industry has applied the same quality assurance methodologies to other systems. Studies suggest that Total Building Commissioning is effective in managing risk, reducing the number and cost of change orders, expediting project schedules, ensuring designs meet expectations and that operators are properly trained.

The release of the Real Estate Practices Manual will identify best practices involved in real estate selection, feasibility and land acquisition in connection with a school construction project. The Real Estate Practices Manual will serve as a valuable resource for school districts, which have primary responsibility for school site selection.

The SDA has developed a process to formally close out its projects. Previously, projects were completed, documentation was submitted to acknowledge completion of work and vendor invoices were paid. However, no formal closeout occurred. The closeout process now will conclude with the signing of a formal contractual closeout document and transfer of the deed to the district.

The SDA has recently been recognized as a source for best practices and expertise through recent requests for speakers from the SDA. Regina M. Bleck, Vice President of Project Management, participated in a panel on sustainability initiatives at the Northeast Regional Conference of the Council of Educational Facility Planners in April 2008.

The SDA continues to advance the principles laid out in the Design Manual, specifically the Leadership in Energy and Environmental Design (LEED) certification qualifications. In a report released in September 2007, NJIT analyzed the implementation of the SDA's LEED policy since it was put into action in 2003. The report found that more than 80 percent of the 70 SDA school projects examined would have been likely to achieve LEED



certification had they submitted the necessary application forms. This is an example of SDA's efforts to conform to the requirements of Executive Order 24. Efforts to conform to requirements can be seen in such schools as Summerfield Elementary School in Neptune, an SDA project that recently received LEED Gold Certification, the first public school in New Jersey to obtain this honor.

*SDA, Neptune Township Educators, and  
DEP Commissioner Lisa Jackson  
Celebrate LEED Gold Award from the  
U.S. Green Building Council*

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## V. Finances

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### ***a) Aggregate principal amounts of bonds***

In 2000, EFCFA provided for a total of \$8.6 billion of New Jersey Economic Development Authority School Facilities Construction Bonds to fund DOE-approved school facilities projects throughout the State. Of the \$8.6 billion, \$6 billion was allocated for the 31 SDA Districts, \$100 million for vocational schools and \$2.5 billion for RODs. The RODs included districts receiving less than 55 percent of funding from State aid (under-55 percent districts), those receiving greater than 55 percent (55 percent-and-over districts), Level II monitoring districts and those electing SDA management. The under-55 percent districts that undertook their projects were afforded grants for the State share of projects. By law, projects for the 55 percent-and-over districts were undertaken by the SCC; future projects of this type will be undertaken by the districts.

In October 2007, the EDA issued \$800 million of School Facilities bonds. Through March 31, 2008, the EDA had issued \$6,920,929,000 of the \$8.6 billion of bonds authorized by EFCFA. Further bond issuances generally will coincide with future cash flow requirements for already committed projects. After the reporting period, in May 2008, the EDA approved an additional \$510 million bond offering.

Appendix E provides a listing of all School Facilities Construction Bonds issued through March 31, 2008.

### ***b) Statement of need to adjust principal amount of bonds***

The aggregate principal amount of bonds, notes or other obligations authorized for issuance needs to be increased pursuant to EFCFA to move forward. An additional \$800 million in funding is required to complete the 27 phase-funded projects in the current Capital Deferral Plan and to advance any new projects seeking DOE approval.

Estimating total need throughout the SDA Districts is a difficult exercise. The ability to forecast will become significantly clearer upon analysis of the Long Range Facilities Plans (LRFPs) recently approved by DOE.

The February 2006 Annual Report by the DOE, in conjunction with the SCC, placed the costs at nearly \$13 billion. That report noted that the absence of reliable project budgets and forecasts had underscored the speculative nature of those estimates.

### ***c) Cash flow projections***

The SDA forecasts that it will spend \$572,902,368 between April 1 and September 30, 2008, primarily on existing projects. The SDA has a balance of \$1.6 billion remaining on existing contracts, much of which is due to be paid in the upcoming reporting period. There

also are 927 Section 15 grants to RODs that have not been fully expended; such grants are paid in increments as projects attain milestones.

Most land acquisition costs are for existing contracts still being paid, totaling \$18.6 million. Additional funds will be required for acquisitions for the Board-approved Leonard Place Early Childhood Center project in Passaic and the new Elliott Street replacement school in Newark. Projects such as the Passaic Early Childhood Center, deferred for construction by the SDA Board in April 2007, are funded through the land acquisition phase in anticipation of construction starting if new program funding is authorized.

<b>Projected Expenditures by Cost Category</b> <b>4/1/08 - 9/30/08</b>	
<b>Cost Category</b>	<b>Projected Expenditures</b>
Project Management Firm/CM Services	\$ 12,852,409
Land Acquisition/Site Feasibility	\$ 13,149,216
Design/Architect Contracts	\$ 8,818,354
Construction Contracts	\$ 289,067,638
Technology	\$ 7,162,448
Furniture, Fixtures and Equipment	\$ 8,338,715
District Grants	\$ 112,323,597
Demonstration Project Grants	\$ 97,484,860
Program Disbursements (SDA Costs)	\$ 17,750,000
Other*	\$ 5,955,132
<b>Total</b>	<b>\$ 572,902,369</b>

*Other costs include Insurance Payments, Bond Issuance Costs, DCA permit fees, Interagency Payments, Safety Service Provider Fees, Claims Assistance Services, and Miscellaneous Legal & Advertising fees.*

## VI. Recommendations for Change

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### *a) Need for additional funding*

The need for additional funds to build schools in New Jersey's SDA Districts has been well established. Recently, the DOE approved the last of the 31 LRFPs for these districts. Analysis of these plans will allow for a true reading on this unquestioned need. The need was most recently estimated in the February 2006 Annual Report by the Department of Education at \$13 billion. The report emphasized that those numbers were speculative in nature because reliable project budgets and forecasts were just beginning to be developed. The SCC, predecessor to the SDA, approved a Capital Plan of 59 projects in July 2005, which resulted in suspension of 315 projects. Construction was deferred on an additional 27 projects in April 2007 as the SCC finally arrived at a true picture of the financial situation that it had, in reality, faced two years earlier. Students are attending schools in SDA Districts that, in many cases, were built in the early 20<sup>th</sup> century or even late 19<sup>th</sup> century and lack the safe, modern facilities that students in other districts are provided and that all New Jersey students deserve.



Furthermore, these statistics do not account for the need in suburban districts, where voters have had the option to receive only debt-service aid since the commitment of grant funds was completed in July 2005.

This Biannual Report highlights the many areas in which the SDA has made progress in accountability and strategies. The SDA is committed to continue improvement as it fulfills its mission to develop schools for the 21<sup>st</sup> century.

In a letter dated January 22, 2008, the Attorney General informed the New Jersey Supreme Court that the Governor would pursue at least an additional \$2.5 billion in funding for the SDA Districts. This additional funding level would enable construction for an additional two to three years for what is clearly a multigenerational program. The SDA will need to return to the Legislature to seek additional funds after that interval. The new funding would provide for the construction of 27 projects deferred in April 2007 due to the funding shortfall emanating from the July 2005 SCC Capital Plan. It will also fund additional projects, as sequenced according to a list being formulated by the DOE on an educational priority basis. The SDA would maintain a reserve for emergent projects and other unforeseen events.

### ***b) Smart Growth schools***

Smart Growth schools, discussed in the SDA's first Biannual Report under the heading of public-private partnerships (page 31), would reduce the cost of school facilities projects in SDA Districts through sharing infrastructure costs. The state could partner with private entities to maximize the use of its limited resources while encouraging and promoting business and employment opportunities for the citizens of New Jersey. The initiative would also promote the state's Smart Growth goals of directing development into urban areas where the infrastructure exists to support it.

In some instances, smart growth schools offer a potential method of completing needed school projects while offsetting a portion of the cost. Texas, North Carolina, Virginia and New York have made use of such agreements. The SDA's ability to move forward in the development of Smart Growth schools would require statutory changes.

To further this initiative, the SDA is collaborating with DOE, the Attorney General's Office and Treasury to create a discussion paper on the proposed Smart Growth schools.

# ***APPENDIX A***

## **Attachments** Requirements of the Biannual Report

## **Requirements of the Biannual Report**

35. Section 24 of P.L.2000, c.72 (C.18A:7G-24) is amended to read as follows:

C.18A:7G-24 Biannual report on school facilities construction program.

24. The development authority, in consultation with the State Treasurer, the financing authority, and the commissioner, shall biannually submit to the Governor, the Joint Budget Oversight Committee, the President of the Senate and the Speaker of the General Assembly a report on the school facilities construction program established pursuant to the provisions of this act. The report shall be submitted no later than June 1 and December 1 of each year and shall include, but not be limited to, the following information for the prior six-month period: the number of school facilities projects approved by the commissioner pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5); the number of projects undertaken and funded by the development authority; the aggregate principal amount of bonds, notes or other obligations issued by the financing authority for the State share of construction and renovation of school facilities and whether there is a need to adjust the aggregate principal amount of bonds, notes or other obligations authorized for issuance pursuant to subsection a. of section 14 of P.L.2000, c.72 (C.18A:7G-14); the number of approved projects which exceeded the facilities efficiency standards, the components of those projects which exceeded the standards, and the amount of construction by individual districts and Statewide estimated to have exceeded the standards; and recommendations for changes in the school facilities construction program established pursuant to this act which have been formulated as a result of its experience with the program or through collaboration with program stakeholders.

In addition, the biannual report shall include a comparison of the costs of school facilities projects undertaken and funded by the development authority to similar school facilities projects constructed in the New York City Metropolitan Statistical Area and the Philadelphia Metropolitan Statistical Area as defined by the United States Department of Labor. The development authority shall include in the report an explanation of the methodology used in making the comparison

## ***APPENDIX B***

### **Attachments**

[Project Charters – Baseline Data](#)

## SDA Project Charters – Baseline Data SDA Districts

		BOARD APPROVED	
District	School Name	Budget	Completion Date
Bridgeton	Bridgeton Senior HS Media Center	\$ 7,341,828	Feb-09
Burlington City	Burlington City HS	\$ 55,004,237	Sep-09
Camden	Dudley ES	\$ 42,836,505	Jun-09
Camden	Early Childhood Development Center #25	\$ 46,448,404	Dec-08
Camden	H.B. Wilson ES	\$ 33,610,565	Nov-08
Camden	Morgan Village MS	\$ 41,101,653	Jan-11
East Orange	Campus 9	\$ 4,000,000	Sep-08
East Orange	Mildred B. Garvin MicroSociety School	\$ 24,892,348	Jul-08
East Orange	New ES #5	\$ 42,164,836	May-09
Elizabeth	New Pre K-8 #27	\$ 52,699,441	Aug-08
Elizabeth	New Pre K-8 #28	\$ 59,230,350	Nov-08
Elizabeth	Number 21 Victor Mravlag ES	\$ 31,850,458	Apr-09
Jersey City	Number 34 ES	\$ 10,360,015	Sep-08
Neptune	Aquatic Center	\$ 6,034,801	Aug-09
Neptune	Neptune Community School	\$ 77,935,020	Jul-08
Newark	Avon Ave (Emergent)	\$ 1,582,666	Jul-08
Newark	Elliott Street ES Replacement	\$ 47,715,766	Jun-10
Newark*	New Central HS	\$ 107,428,394	Jun-08
Newark	Park School	\$ 50,665,262	Jul-09
Newark	Speedway Ave ES	\$ 48,851,897	Jun-09
Newark	Various Emergent Projects	\$ 27,203,134	Various
Orange	Lincoln Ave ES	\$ 48,153,403	Jun-09
Orange	Park Ave ES	\$ 35,319,600	Nov-08
Passaic City	New ES at Henry Street	\$ 53,711,798	Apr-10
Passaic City	New ES at Main Ave	\$ 55,660,264	Sep-09
Paterson	International HS Academy	\$ 55,299,445	May-08
Paterson	Number 24 ES	\$ 27,298,210	Oct-07
Paterson	Roberto Clemente ES / K-1 Center	\$ 3,207,003	Feb-09
Perth Amboy	Early Childhood Center II	\$ 30,098,786	Jan-09
Plainfield	Emerson ES	\$ 38,928,253	Aug-08
Trenton	MLK/Jefferson ES	\$ 68,171,286	May-10
West New York	Number 2 ES	\$ 29,906,800	Jan-09
West New York	Number 3 ES	\$ 62,751,396	Sep-08

\* New Central High School had a \$1 million variance from their original project budget due to the installation of a turf field.



## SDA Project Charters – Baseline Data ROD Districts

		<b>BOARD APPROVED</b>	
<b>District</b>	<b>School Name</b>	<b>Budget</b>	<b>Completion Date</b>
Barnegat	Cecil S. Collins ES	\$2,295,760	Jun-08
Barnegat	High School Addition	\$11,537,685	Jun-08
Barnegat	Horbelt ES	\$4,916,513	Jan-09
Barnegat	Lillian M. Dunfee ES	\$ 9,277,794	Jan-09
Barnegat	New Elementary School	\$17,666,746	May-08
Barnegat	Russell O. Brackman MS	\$15,636,261	Feb-08
Buena Regional	New MS	\$ 21,948,035	Oct-09
Cumberland Regional	Cumberland Regional HS	\$25,833,632	Sep-08
Egg Harbor City	Charles L. Spragg ES	\$1,787,580	Aug-09
Egg Harbor City	New MS	\$16,009,653	Jun-10
Egg Harbor Township	Egg Harbor Township HS	\$40,074,779	Jun-10
Greater Egg Harbor	New HS	\$54,983,443	Jun-10
Greater Egg Harbor	Oakcrest HS Auditorium	\$751,051	Mar-08

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## ***APPENDIX C***

### **Attachments**

#### **Number of Minority/Female Work Hours by Trade**

## SBE - Number of minority/female work hours by trade

Trade	Total W/H	Minority W/H	Female W/H	Minority % Work Hours	Female % Work Hours
Asbestos Worker	14,912	11,325	545	75.95	3.65
Bricklayer or Mason	109,492	35,024	241	31.99	0.22
Carpenter	116,405	16,371	490	14.06	0.42
Caulker	110	36	0	32.73	0
Dockbuilder	2,251	668	0	29.68	0
Driver	340	0	0	0	0
Electrician	113,132	17,301	2,744	15.29	2.43
Elevator Constructor	368	8	0	2.17	0
Elevator Mechanical	147	0	0	0	0
Excavation	152	0	0	0	0
Fireproofers	3,307	176	0	5.32	0
Glazier	16,476	2,556	28	15.51	0.17
HVAC Mechanic	18,992	1,680	0	8.85	0
Insulator	7,419	990	8	13.34	0.11
Ironworker	35,912	6,718	377	18.71	1.05
Laborer	179,336	91,217	3,121	50.86	1.74
Operating Engineer	21,823	8,243	413	37.77	1.89
Painter	7,791	2,057	176	26.4	2.26
Pipe Fitters	2,803	232	0	8.28	0
Plumber	46,111	7,456	176	16.17	0.38
Prime	144	111	0	77.08	0
Roofer	13,142	3,057	0	23.26	0
Sheet Metal Worker	29,625	7,234	0	24.42	0
Sprinkler Fitter	11,673	1,469	580	12.58	4.97
Steam Fitter	12,161	1,735	0	14.27	0
Surveyor	221	0	86	0	38.91
Taper	2,811	160	0	5.69	0
Teledata	766	290	0	37.86	0
Tiler	11,054	1,166	0	10.55	0
Truck Driver	822	88	0	10.71	0
Waterproofers	160	0	0	0	0
<b>Total</b>	<b>779,858</b>	<b>217,368</b>	<b>8,985</b>	<b>27.87</b>	<b>1.15</b>

## ***APPENDIX D***

### **Attachments**

Contracts Awarded (broken down by minority/female)

Contract ID	Contractor Type	Contractor	Address	Award Date	Discipline	Discipline on Project	\$ Awarded	\$ SMBE	% SMBE	Ethnicity	\$ SWBE	% SWBE	\$ SBE	% SBE	\$SMWBE	% SMWBE
CA-0005-M01	Primary	Hill International, Inc.		11/16/07			\$1,292,529									
	Sub contractor	Jackson & Associates	519 Federal Street, Camden, NJ 08103		Construction Mgmt./ Project Mgmt.	Construction Mgmt.				Black					\$249,364	19.29%
		Miller Remick Corporation	1010 Kings Hwy South, Cherry Hill, NJ 08034		Building Commissioning	Building Commissioning							\$75,000	5.80%		
<b>Total for CA-0005-M01 CAMDEN - Dudley E.S.</b>							\$1,292,529						\$75,000	5.80%	\$249,364	19.29%
EL-0006-P01	Primary	Tricon Enterprises Inc		10/2/07			\$447,152						\$447,152	100%		
<b>Total for EL-0006-P01 ELIZABETH - New Academic H.S.</b>							\$447,152						\$447,152	100%		
ES-0008-C01	Primary	Hall Building Corp		11/14/07			\$28,965,000									
	Sub contractor	Brunnquell Iron Works, Inc.	2396 Route #130, Dayton, NJ 08810		Structural Steel	Structural Steel & Misc. Metals							\$1,400,000	4.83%		
		Cambridge Const. Mgt.	335 E. Main Street, Somerville, NJ 08876		Construction Mgmt.	CPM Scheduling & reports					\$30,000	0.10%				
		Conex Construction	PO Box 411 Kearny, NJ 07032		Concrete	Footings & Foundation							\$492,000	1.70%		
		Conex Construction	PO Box 411 Kearny, NJ 07032		Concrete	Footings & Foundation							\$78,000	0.27%		
		Jersey Mechanical Contrs.	5006 Industrial Road, Farmingdale, NJ 07727		Plumbing	Plumbing & Radon Piping							\$7,050,000	24.34%		
		Monarch Glass & Metal	247 Route 33, Manalapan, NJ 07726		Windows/Doors	Entrances, Glazing/Store Fronts							\$120,500	0.42%		
		P.J. Smith Elec. Contrs., Inc.	3651 Route 23, Hamburg, NJ 07419		Electrical	Electrical & Technology							\$4,750,000	16.40%		

Contract ID	Contractor Type	Contractor	Address	Award Date	Discipline	Discipline on Project	\$ Awarded	\$ SMBE	% SMBE	Ethnicity	\$ SWBE	% SWBE	\$ SBE	% SBE	\$SMWBE	% SMWBE
		Southern State Enterprises	215 Fries Mill Rd., Turnersville, NJ 08012		Painting	Painting							\$205,000	0.71%		
		United Fireproofing Inc.	PO Box 400, Long Valley, NJ 07853		Fire Protection/Sprinklers	Fire Protection/Sprinklers							\$13,990	0.05%		
<b>Total for ES-0008-C01 ORANGE - Lincoln Ave. E.S.</b>							\$28,965,000				\$30,000	0.10%	\$14,109,490	48.71%		
ES-0008-C02	Primary	Hilt Construction Inc.		11/2/07			\$1,639,891						\$500,000	30.49%		
	Sub contractor	D.K. Klein Mechanical, Inc.	PO Box 662, Brielle, NJ		HVAC	HVAC							\$375,065	22.87%		
		Vraj Tech, Inc.	Lodi, NJ		Plumbing	Plumbing							\$91,000	5.55%		
		W.M.B. Inc. T/A Wes Jones & Son	Butler, NJ		Electrical	Electrical							\$139,385	8.50%		
<b>Total for ES-0008-C02 ORANGE - Our Lady of the Valley (Swing Space)</b>							\$1,639,891						\$1,105,450	67.41%		
ES-0008-M01	Primary	Bovis Lend Lease LMB, Inc.		11/30/07			\$1,240,000									
	Sub contractor	Armand Corporation	1815 Garden Avenue, Cherry Hill, NJ 08003		Construction Mgmt./Civil Engineering	Field Supervision				Black					\$220,000	17.74%
		Atlantic Engineering Labs., Inc.	41 Murray Street, Rahway, NJ 07065		Soils, Borings, Monitoring	Independent Testing					\$125,000	10.08%				
		Concord Facility Services	520 S. Burnt Mill Rd, Voorhees, NJ 08043		Commissioning	Commissioning					\$61,800	4.98%				
<b>Total for ES-0008-M01 ORANGE - Lincoln Ave. E.S.</b>							\$1,240,000				\$186,800	15.06%			\$220,000	17.74%
ET-0065-C01	Primary	Hessert Corporation		10/3/07			\$15,878,000									
	Sub contractor	Artisan Tile & Marble	468 Elizabeth Ave., Somerset, NJ 08873		Tiling	Tiling							\$42,990	0.27%		

Contract ID	Contractor Type	Contractor	Address	Award Date	Discipline	Discipline on Project	\$ Awarded	\$ SMBE	% SMBE	Ethnicity	\$ SWBE	% SWBE	\$ SBE	% SBE	\$SMWBE	% SMWBE
		Breaker Electric Inc.	488 Monmouth Road Clarksburg, NJ 08510		Electrical	Electrical							\$2,870,000	18.08%		
		Epic Mechanical, Inc.	3320 Route 66 Neptune, NJ 07753		HVAC	HVAC							\$2,420,000	15.24%		
		J.V. Palmonari, Inc.	PO Box 68, Milmay, NJ 08340		Steel Erection	Steel Erection							\$884,690	5.57%		
		Ninsa, LLC. t/a Ninsa Vinyl Fence	208 Passmore Avenue Hammonton, NJ 08037		Fencing	Fencing							\$12,150	0.08%		
		Sealant Technology Services, Inc	789 Chatsworth Rd, Vincentown, NJ 08088		Waterproofing	Waterproofing							\$80,000	0.50%		
		Three G's Plumbing	514 Arnold Avenue, Point Pleasant Beach, NJ		Plumbing	Plumbing							\$478,300	3.01%		
<b>Total for ET-0065-C01 BARNEGAT - Barnegat E.S.</b>							\$15,878,000						\$6,788,130	42.75%		
ET-0093-C01	Primary	TCI Const. & Mgmt. Co., Inc		10/25/07			\$224,000						\$162,350	72.48%		
	Sub contractor	Remediation Specialist, Inc.	533 Whitehead Road, Hamilton, NJ 08619		Remediation	Remediation							\$61,650	27.52%		
<b>Total for ET-0093-C01 KEANSBURG - Monmouth Rd. E.S.</b>							\$224,000						\$224,000	100%		
NE-0009-C02	Primary	Delric Const. Company, Inc		10/3/07			\$33,626,000						\$20,388,400	60.63%		
	Sub contractor	Aries Fire Protection	152 Bergen Turnpike, Ridgefield Park, NJ 07660		Fire Protection/ Sprinklers	Fire Sprinkler					\$465,000	1.38%				
		Flemington Supply Co.	178 Route 202 Flemington, NJ 08822		Vendor	Vendor							\$200,000	0.59%		



Contract ID	Contractor Type	Contractor	Address	Award Date	Discipline	Discipline on Project	\$ Awarded	\$ SMBE	% SMBE	Ethnicity	\$ SWBE	% SWBE	\$ SBE	% SBE	\$SMWBE	% SMWBE
		Structural Steel Fabricators	11 Weston Road, Hillsborough, NJ 08844		Structural steel	Structural steel							\$2,860,000	8.51%		
		Tercerra Construction Co.	207 Sawmill Road, N. Haledon, NJ 07508		Carpentry drywall	Carpentry drywall							\$1,950,000	5.80%		
		Central Jersey Supply	201 2nd Street, Perth Amboy, NJ 08881		Vendor	Vendor							\$300,000	0.89%		
		LaConti Concrete & Masonry	2494 Moore Rd Toms River, NJ 08753		Masonry	Masonry							\$4,100,000	12.19%		
<b>Total for NE-0009-C02 NEWARK - Speedway School</b>							<b>\$33,626,000</b>				<b>\$465,000</b>	<b>1.38%</b>	<b>\$29,798,400</b>	<b>88.62%</b>		
NE-0010-C02	Primary	Terminal Construction Corp.		11/1/07			\$33,342,000									
	Sub contractor	Susan Jenkins Enterprises Inc. T/A J & J Limited	PO Box 312, Denville, NJ 07834		Insulation	Insulation							\$225,000	0.67%		
		All-Ply Roofing Co., Inc.	74 Lee Avenue, Haledon, NJ 07508		Roofing	Roofing							\$725,000	2.17%		
		Allied Fire & Safety Equip. Co., Inc.	PO Box 607, Neptune, NJ 07754		Fire Protection/Sprinklers	Fire Protection/Sprinklers							\$405,000	1.21%		
		American Redi-Mix Concrete, Co.	438 Hollywood Avenue South Plainfield, NJ 07080		Concrete	Concrete							\$331,000	0.99%		
		B & B Iron Works, Inc.	300 Coit Street, Irvington, NJ 07111		Structural Steel	Structural Steel							\$2,449,000	7.35%		
		Boz Electrical Contr., Inc.	6 Warren Drive, Vernon, NJ 07462		Electrical	Electrical							\$3,150,000	9.45%		
		Central Jersey Supply Co	Perth Amboy, NJ		Pipe Fitting	Pipe Fitting							\$50,000	0.15%		

Contract ID	Contractor Type	Contractor	Address	Award Date	Discipline	Discipline on Project	\$ Awarded	\$ SMBE	% SMBE	Ethnicity	\$ SWBE	% SWBE	\$ SBE	% SBE	\$SMWBE	% SMWBE
		Creative Metal Contractors	1889 Route 9, Toms River, NJ 08755		Insulated Metal Panels	Insulated Metal Panels							\$863,710	2.59%		
		Effective Air Balance, Inc	410 Union Boulevard, Totowa, NJ 1105		Air/Water Balance	Air/Water Balance							\$39,000	0.12%		
		Jersey State Controls	Industrial, Brick, NJ 08723		Temperature Controls	Temperature Controls							\$380,000	1.14%		
		Mountain View Layout Service Inc.	117 Hibernia Ave., Rockaway, NJ 07866		Surveying	Surveying							\$18,000	0.05%		
		Kas Construction consultants	222 Constitution Ave, Toms River, NJ 08753		Rebar	Rebar Installation							\$95,361	0.29%		
		Building Barriers, Inc.	15 High Street, Whitehouse Station, NJ		Masonry	Masonry & Vapor barriers							\$490,000	1.47%		
<b>Total for NE-0010-C02 NEWARK - Park E.S.</b>							\$33,342,000				\$225,000	0.67%	\$8,996,071	26.98%		
NE-0010-M01	Primary	Hill International, Inc.		12/21/07			\$1,143,577									
	Sub contractor	JCMS, Inc.	1741 Whitehorse Mercerville Rd., Mercerville, NJ 08619		Construction Mgmt./ Estimating	Construction Management		\$252,928	22.12%	Asian						
		Kelter & Gilligo Cons. Engrns.	14 Washington Road Princeton Junction, NJ 08550		Commissioning	Commissioning							\$75,000	6.56%		
<b>Total for NE-0010-M01 NEWARK - North Ward Park E.S.</b>							\$1,143,577	\$252,928	22.12%				\$75,000	6.56%		
NE-0052-C01	Primary	TCI Const. & Mgmt. Co., Inc		10/16/07			\$1,354,000						\$686,500	50.70%		
	Sub contractor	Masonry Contracting Group	1941 S. Broad Street, Trenton, NJ 08619		Masonry/roofing	Masonry/roofing							\$387,500	28.62%		
		Synatech, Inc.	27 E. Main Street, Little Falls, NJ 07424		Abatement	Abatement							\$280,000	20.68%		

Contract ID	Contractor Type	Contractor	Address	Award Date	Discipline	Discipline on Project	\$ Awarded	\$ SMBE	% SMBE	Ethnicity	\$ SWBE	% SWBE	\$ SBE	% SBE	\$SMWBE	% SMWBE
<b>Total for NE-0052-C01 NEWARK - Lafayette School</b>							\$1,354,000						\$1,354,000	100%		
NE-0059-C01	Primary	Circle A Construction		10/1/07			\$1,396,000						\$514,700	36.87%		
	Sub contractor	Altec Electrical	904 Atlantic Avenue, Point Pleasant, NJ 08742		Electrical	Electrical							\$94,300	6.76%		
		Sunnyfield Corporation	1 Industrial Way, Eatontown, NJ 07724		HVAC	HVAC							\$787,000	56.38%		
<b>Total for NE-0059-C01 NEWARK - Maple Ave. School</b>							\$1,396,000						\$1,396,000	100%		
PA-0019-P01	Primary	Tricon Enterprises Inc.		12/4/07			\$520,000						\$500,845	96.32%		
	Sub contractor	Advanced Plumbing Design	525 Lehigh Avenue, Union, NJ		Plumbing	Plumbing							\$5,555	1.07%		
		Lessner Electric Co.	581 Pennsylvania Avenue, Elizabeth, NJ		Electrical	Electrical							\$13,600	2.62%		
<b>Total for PA-0019-P01 PATERSON - P.S. #24</b>							\$520,000						\$520,000	100%		
WT-0011-C03	Primary	Hall Construction Co., Inc.		11/7/07			\$35,477,000									
	Sub contractor	Bryant Caulking and Waterproofing, Inc.	714 W. Branch Avenue, Pine Hill, NJ 08021		Waterproofing	Joint Sealants					\$100,000	0.28%				
		Ebony Mechanical, LLC	245 Westcott Drive, Rahway, NJ 07065		HVAC	Fire Sprinkler				Black					\$430,000	1.21%
		Pravco, Inc.	83 River Street, Red Bank, NJ 07701		General Construction/Roofing	Roofing		\$990,000	2.79%	Asian						
		All Glass Systems, Inc	34 B Noeland Avenue, Penndel, PA		Windows & glass	Windows & glass							\$800,000	2.25%		

Contract ID	Contractor Type	Contractor	Address	Award Date	Discipline	Discipline on Project	\$ Awarded	\$ SMBE	% SMBE	Ethnicity	\$ SWBE	% SWBE	\$ SBE	% SBE	\$SMWBE	% SMWBE
		Central Jersey Mechanical	379 Broadway, Long Branch, NJ		Plumbing	Plumbing							\$665,076	1.87%		
		Cherry Steel Corp.	2320 Big Oak Road, Langhorne, PA		Structural Steel	Structural Steel							\$2,330,000	6.57%		
		Pyromax, Inc	PO Box 1416, Wall, NJ		Fireproofing	Fireproofing							\$92,500	0.26%		
		TMC Makrancy, Inc.	947 Kuser Road, Hamilton, NJ 08619		Landscaping	Landscaping							\$248,400	0.70%		
		Voacolo Electric, Inc	65 Patterson Avenue, Trenton, NJ		Electrical	Electrical							\$3,300,000	9.30%		
<b>Total for WT-0011-C03 TRENTON - MLK/Jefferson E.S.</b>							\$35,477,000	\$990,000	2.79%		\$100,000	0.28%	\$7,435,976	20.96%	\$430,000	1.21%
CA-0005-C01	Primary	Cobra Construction Co., Inc.		1/23/08			\$21,430,000						\$1,000,000	4.67%		
	Sub contractor	Dandrea Masonry, Inc.	431-A Commerce Lane West Berlin, NJ 08091		Masonry	Masonry							\$2,991,500	13.96%		
		Lewandowski Const. Indust. LLC	323 Garfield Avenue, Waterford, NJ 08089		Excavating	Site Work							\$1,275,000	5.95%		
		Tom's Landscaping	2404 Route 50, Laureldale, NJ 08830		Landscaping	Landscaping							\$98,240	0.46%		
		Waterford Materials, LLC	323 Garfield Avenue, Waterford, NJ 08089		Demolition	Demolition							\$380,000	1.77%		
		Brown's Roofing, Inc.	377A Lower Landing Road, Blackwood, NJ 08012		Roofing	Roofing							\$809,768	3.78%		
<b>Total for CA-0005-C01 CAMDEN-New Dudley E.S.</b>							\$21,430,000						\$6,554,508	30.59%		
CA-0010-E01	Primary	Promedia Technology Services Inc.	535 US Hwy 46 E, Little Falls, NJ 07424	2/4/08	ITI Network Intergration	ITI Network Intergration	\$470,535						\$470,535	100%		
<b>Total for CA-0010-E01 CAMDEN-Morgan Village</b>							\$470,535						\$470,535	100%		

Contract ID	Contractor Type	Contractor	Address	Award Date	Discipline	Discipline on Project	\$ Awarded	\$ SMBE	% SMBE	Ethnicity	\$ SWBE	% SWBE	\$ SBE	% SBE	\$SMWBE	% SMWBE	
ES-0008-E01	Primary	Promedia Technology Services Inc		1/31/08			\$583,535						\$583,535	100%			
<b>Total for ES-0008-E01</b>							<b>\$583,535</b>						<b>\$583,535</b>	<b>100%</b>			
<b>ORANGE-Lincoln Avenue</b>																	
NE-0009-E01	Primary	Promedia Technology Services Inc		1/31/2008			\$668,535						\$668,535	100%			
<b>Total for NE-0009-E01</b>							<b>\$668,535</b>						<b>\$668,535</b>	<b>100%</b>			
<b>NEWARK-Speedway Avenue</b>																	
NE-0009-M01	Primary	Bovis Lend Lease, Inc.		1/18/08			\$1,155,000										
	Sub contractor	Atlantic Engineering Labs, Inc.	41 Murray Street, Rahway, NJ 07065		Independent Testing	Independent Testing							\$125,000	10.82%			
		MZM Construction Co.	105 Lock Street, Newark, NJ 07103		General Construction	Field Supervision				Black					\$130,000	11.26%	
		Yee Engineering & Associates, Inc.	1017 Main Street, Voorhees, NJ 08043		Commissioning	Commissioning				Asian					\$90,000	7.79%	
<b>Total for NE-0009-M01</b>							<b>\$1,155,000</b>						<b>\$125,000</b>	<b>10.82%</b>	<b>\$220,000</b>	<b>19.05%</b>	
<b>NEWARK- Speedway Avenue</b>																	
NE-0010-E01	Primary	Promedia Technology Services Inc	535 US Hwy 46 E, Little Falls, NJ 07424	1/30/08	ITI Network Intergration	ITI Network Intergration	\$723,535						\$723,535	100%			
<b>Total for NE-0010-E01</b>							<b>\$723,535</b>							<b>\$723,535</b>	<b>100%</b>		
<b>NEWARK-North Ward Park</b>																	
NE-0053-C01	Primary	Circle A Construction Co.,Inc.		1/28/08			\$1,287,000						\$128,700	10.00%			
	Sub contractor	C & M Door Controls, Inc.	20 Market Street, Reading, NJ 07065		Door, Window Supply & Install	Door, Window Supply & Install							\$123,000	9.56%			
		Environmental Contractors, Inc.	235 Watchung Avenue, West Orange, NJ 07052		Demolition Abatement	Demolition Abatement							\$105,191	8.17%			
		Mastercraft Iron Inc.	111 Tenth Avenue, Neptune, NJ 07753		Steel & misc. Iron	Structural Steel							\$105,000	8.16%			

Contract ID	Contractor Type	Contractor	Address	Award Date	Discipline	Discipline on Project	\$ Awarded	\$ SMBE	% SMBE	Ethnicity	\$ SWBE	% SWBE	\$ SBE	% SBE	\$SMWBE	% SMWBE
		Spartan Construction, Inc.	395 Larkin Place, Oakhurst, NJ 07755		Construction	Construction							\$389,000	30.23%		
<b>Total for NE-0053-C01</b>													\$850,891	66.11%		
															\$1,119,364	0.61%
<b>Totals for all Projects</b>							\$182,863,289	\$1,242,928	0.68%		\$1,006,800	0.55%	\$59,812,499	32.71%	\$1,119,364	0.61%

<b>SBE TOTALS</b>		
<b>Total Contract \$ Awarded</b>	<b>\$182,863,289</b>	<b>100.00%</b>
<b>TOTAL SMBE</b>	<b>\$1,242,928</b>	<b>0.68%</b>
<b>TOTAL SWBE</b>	<b>\$1,006,800</b>	<b>0.55%</b>
<b>TOTAL SBE</b>	<b>\$59,812,499</b>	<b>32.71%</b>
<b>TOTAL SMWBE</b>	<b>\$1,119,364</b>	<b>0.61%</b>
<b>TOTAL</b>	<b>\$63,181,591</b>	<b>34.55%</b>

<b>LEGEND</b>	
<b>SMBE</b>	<b>Small Minority Business Enterprise</b>
<b>SWBE</b>	<b>Small Women Business Enterprise</b>
<b>SBE</b>	<b>Small Business Enterprise</b>
<b>SMWBE</b>	<b>Small Minority Women Business Enterprise</b>

<b>ETHNIC BREAKDOWN</b>		
<b>Total Contract \$ Awarded</b>	<b>\$182,863,289</b>	
<b>AM INDIANS</b>	<b>-</b>	<b>-</b>
<b>ASIAN</b>	<b>\$1,332,928</b>	<b>6.22%</b>
<b>BLACK</b>	<b>\$1,029,364</b>	<b>4.80%</b>
<b>HISPANIC</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>\$2,362,292</b>	<b>11.02%</b>
<i>The Total for Ethnic Breakdown includes SMBE, MBE and SMWBE \$ Totals.</i>		

## ***APPENDIX E***

### **Attachments**

[Bond Issuances – EDA School Facilities Construction Bonds](#)

**New Jersey Schools Development Authority**

**Bond Issuances - EDA School Facilities Construction Bonds: 2001-2008  
Pursuant to N.J.S.A. 18A:7G-14**

<u>Fiscal Year</u>	<u>Issue Date</u>	<u>Series</u>	<u>Restricted</u>	<u>Bond Denomination</u>	<u>Principal Amount of Bonds Issued</u>
2001	04/02/01	A		\$5,000	\$ 500,000,000.00
					\$ 500,000,000.00
2002	12/28/01	B	QZAB	\$5,000	\$ 8,600,000.00
					\$ 8,600,000.00
2003	10/16/02	C		\$5,000	\$ 600,000,000.00
2003	12/30/02	D	QZAB	\$5,000	\$ 29,400,000.00
2003	03/14/03	E	QZAB	\$5,000	\$ 7,929,000.00
					\$ 637,329,000.00
2003	08/07/03	F		\$5,000	\$ 600,000,000.00
2003	01/23/04	G		\$5,000	\$ 650,000,000.00
2003	05/18/04	H		\$5,000	\$ 300,000,000.00
					\$ 1,550,000,000.00
2005	08/31/04	I		\$5,000	\$ 250,000,000.00
2005	08/31/04	J		\$5,000	\$ 500,000,000.00
2005	04/06/05	L		\$5,000	\$ 150,000,000.00
2005	04/06/05	M		\$5,000	\$ 500,000,000.00
					\$ 1,400,000,000.00
2006	10/04/05	O		\$5,000	\$ 750,000,000.00
2006	12/15/05	P		\$5,000	\$ 175,000,000.00
2006	12/21/05	Q		\$5,000	\$ 500,000,000.00
					\$ 1,425,000,000.00
2007	11/02/06	R		\$5,000	\$ 500,000,000.00
2007	11/02/06	S		\$5,000	\$ 100,000,000.00
					\$ 600,000,000.00
2008	10/04/07	T		\$5,000	\$ 500,000,000.00
2008	10/04/07	U		\$5,000	\$ 300,000,000.00
					\$ 800,000,000.00
<b>Total</b>					<b>\$ 6,920,929,000.00</b>

**Refunding Bonds (No Bond Proceeds to SDA):**

<u>Year</u>	<u>Issue Date</u>	<u>Series</u>	<u>Bond Denomination</u>	<u>Principal Amount of Refunding Bonds</u>
2005	01/27/05	K	\$5,000	\$ 700,000,000.00
2005	05/23/05	N	\$5,000	\$ 677,465,000.00
<b>Total</b>				<b>\$ 1,377,465,000.00</b>

**Notes:**

- Pursuant to the provisions of the Educational Facilities Construction and Financing Act (C.18A:7G-14), the aggregate principal amount of bonds, notes or other obligations the EDA may issue to finance school facilities projects, and the costs related thereto, shall not exceed \$8.6 billion. This limitation excludes indebtedness incurred for refunding purposes.
- Bonds may be sold or issued in any multiple of the bond denomination.



