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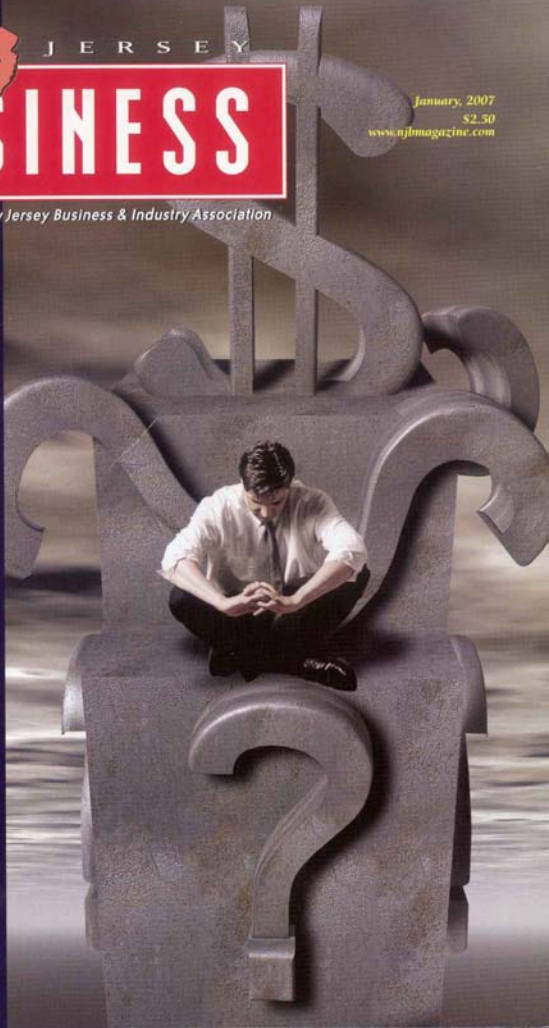
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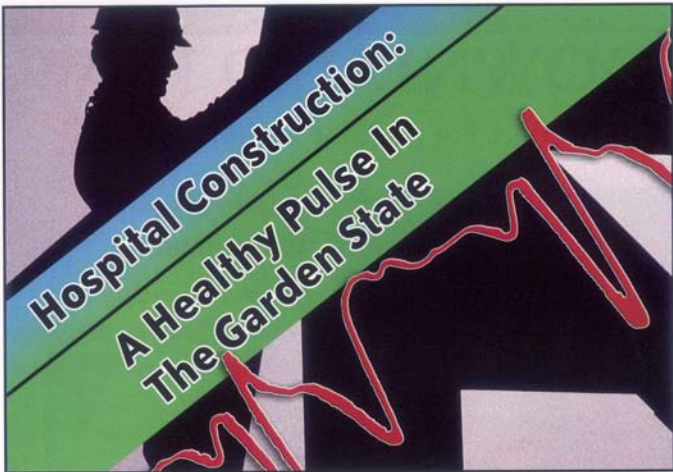
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► *"On the modernization, upgrading and retooling of existing facilities, there isn't a hospital in the state that doesn't have some sort of construction project ongoing."*

— Ron Czajkowski, New Jersey Hospital Association

*By Sharon Sheridan, Contributing Writer*

**T**he vital signs are strong for healthcare construction in New Jersey.

Two new hospitals were built in the last two years, with more planned. Other hospitals are adding, expanding or renovating specialized areas such as emergency rooms, oncology units and cardiac catheterization labs — in some cases at standalone, satellite facilities.

The pharmaceutical and medical technology industry, meanwhile, forecasts \$4.59 billion in capital expenditures over the next two years, according to the HealthCare Institute of New Jersey.

All this is occurring in a competitive hospital market where facilities operate on slim profit margins at best and at a time when pharmaceutical companies wait to see whether the switch to a Democratic Congress will force lower prescription drug prices.

"Healthcare across the country is booming and has been on an upswing over the past few years," says Bill Macedo, healthcare manager for Turner Construction's New Jersey office in Somerset. "Here in New Jersey, it's been more stable, mostly because we don't have the large greenfield sites that the rest of the country has

to build new facilities. We see mostly expansions and renovations of existing facilities. They're always expanding and upgrading as new technology comes out."

Jersey City Medical Center and South Jersey Healthcare in Cumberland County, both built in the last two years, are "the first two hospitals to be built from scratch in the state in 25 years," says Ron Czajkowski, New Jersey Hospital Association vice president of communications.

The 361-bed, state-of-the-art hospital on the Jersey City waterfront replaces the former Jersey City Medical Center, which

is "a national historic landmark built in the 1930s that had over 1,000 beds," Czajkowski says. "It was a monolith and monument to Hudson County pride and politics." (The structure is now being transformed into The Beacon, a \$350-million residential complex.)

Over time, outpatient procedures and shortened patient stays rendered the single hospital, with so many beds, unnecessary, he says. The new hospital reflects the community's actual inpatient needs and incorporates new technologies and patient amenities such as private rooms.

Built adjacent to Cumberland County College, South Jersey Healthcare represents a merger of three hospitals: Bridgeton Hospital, Millville Hospital and Newcomb Medical Center, Vineland.

"It's built to incorporate all the new technologies in terms of patient record keeping and access to patient care," Czajkowski says. It also addresses "simply making the stay in the hospital for the patient less institutional and more comfortable."

Two other Central Jersey hospitals have publicly put forward plans to build new hospitals. The Medical Center at Princeton wants to move about four miles away onto Route 1. "They've essentially run out of space in Princeton itself in terms of parking and access to the facility and further growth," Czajkowski says.

Capital Health System, which manages the Mercer and Helen Fuld medical centers in Trenton, wants to retool the former hospital into a community-health facility and build a new hospital in a more suburban area of Mercer County.

This will be a complete replacement hospital from the ground up, including acute care and a cancer center, says Nisan Gertz, senior director of business

development for Parsippany-headquartered Skanska USA, construction manager for the project.

Facing antiquated facilities and, in Princeton's case, a dearth of space, these hospitals all are "trying to relocate and build something state-of-the-art that's new and accessible and technologically up-to-date in areas that are growing in population," Czajkowski says.

In less-urban areas, Gertz sees a trend of existing hospitals building new, satellite facilities such as medical offices, cancer centers and ambulatory surgical centers to

serve more people in a wider geographic area.

"A lot of those are being done through developers," he says. "There's sort of this private partnership between the hospital and the developer." It's an affordable way for hospitals to finance needed growth, he says, noting Virtua Health System is expanding this way.

In Hunterdon County, HCS Realty - a partnership between Midjersey Health Corporation and Flemington Surgical Realty - broke ground last August on a new medical arts center beside Hunterdon Medical Center. It will

## Kessler Opens New Addition at West Orange campus

The Kessler Institute for Rehabilitation opens a new 102,000 square-foot, three story addition at its West Orange campus, creating synergy between brain and spinal cord injury treatments.

The new \$35-million addition took 18 months to complete, consists of two patient floors, one brain injury unit and one spinal cord injury unit, with 48 beds apiece. It will replace the previous Kessler brain injury program that was seven miles away in the East Orange campus, while the spinal cord injury unit was on the West Orange campus.

Bonnie Evans, senior vice president at Kessler, says that "up to 40 percent of all spinal cord patients sustain a brain injury at the time of an accident. This (new structure) can really help to enhance patient care."

The new addition brings the best practices under one roof, with "everything from patient care to research, clinicians, doctors and therapists," says Vincent Knoll, vice president, access management design and construction at Kessler.

Evans describes the rehabilitation center's nationally recognized spinal cord program as a testament to "the fact that we encompass many of the best practices in the industry, when it comes to treating spinal cord injury patients."

Evans notes that both programs are accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF). This shows that CARF recognizes "that we do have the necessary components to provide outstanding care for both of these populations."

According to Evans, bringing these two programs together in one building will expand both programs' research and draw patients from across the country.

Kessler worked closely with construction manager, Gale Construction Company, Roseland, to ensure that the facility stayed open and was fully operational during construction.

The biggest challenge Kessler faced during the construction was trying not to negatively impact the operations of the hospital. Evans says that throughout construction, patient satisfaction was strong. One of the physical challenges to the addition was building all new parking areas, and a great deal of phasing and cooperation was needed between the construction manager, facility and staff.

The local community impact was also a factor in construction, as Kessler wanted to maintain the 50-year positive community relationship with West Orange.

The new addition, which was a capital project of Kessler's parent company, Select Medical Corporation, will not create more jobs at the site, which currently has 350 employees at the entire 166,000 square foot facility.



Cooper University Hospital, Camden, is building a 312,000 square-foot, 10-story expansion. Called the Pavilion Project (rendering shown), it will feature 60 private medical/surgical rooms, 30 critical-care beds, a 12,000 square-foot addition to the emergency department and 12 new operating rooms.

house the Hunterdon Center for Surgery, Diabetes Health Center, Diabetes and Endocrine Associates of Hunterdon, Hunterdon Medical Center Wound Care Center and various Hunterdon Medical Center-affiliated physicians' offices. Hunterdon Medical Center expected to put the finishing touches on a four-story, 449-space parking facility last month.

"We've invested the time and the money because we can see our

community's growing, so there's definitely a need," says Kathleen Seelig, director of public relations.

Such expansions aren't unusual. "On the modernization, upgrading and retooling of existing facilities, there isn't a hospital in the state that doesn't have some sort of construction project ongoing," Czajkowski says. "Whether it be a redesign of operating rooms, the building of an entirely new emergency

department or adding specialty services like dialysis and oncology wings, hospitals are intensely involved in that type of upgrade.

"The public is demanding it, and in a competitive marketplace, hospitals are enhancing their services to accommodate that public need," he says. Also, hospitals anticipate greater and different needs for services as the baby boomers approach and surpass age 60. "We call it the kink in the hose. In the next 10 years, it's about to unleash a huge demand for services."

Another construction impetus is that New Jersey's hospital facilities are old compared to those elsewhere in the nation, he says.

While the need for construction is clear, financial support is not. All but one New Jersey acute-care or full-service hospital, are not-for-profits, Czajkowski says. "New Jersey's operating margin for last year was 1 percent compared to the rest of the nation's average full-service operating margin of 5.3 percent." And 40 percent of the state's hospitals operate in the red, he says. That's the result of lower Medicare and Medicaid reimbursements, a huge charity-care commitment and managed-care company controls on hospital payments, he says.

One hospital that's expanding after a financial renaissance is Cooper University Hospital in Camden. In 1999 or 2000, "we were on the verge of closing," says Lori Shaffer, media relations manager. After hiring a new board, "we had a remarkable financial turnaround.

"Now, with services and patients increasing, the hospital is building a 312,000-square-foot, 10-story expansion called the Pavilion Project. It will feature 60 private medical surgical rooms, 30 critical-care beds, a 12,000-square-foot addition to the emergency department, new laboratory services, 12 operating rooms and



The Tinitas Comprehensive Cancer Center was recently honored as "Project of the Year" by the Metro NY/NJ Chapter of the Construction Management Association of America.

space to expand by another 120 beds in the future, Shaffer says. The \$200-million project is slated to open in late 2008.

In October, a 1,600-space, nine-story parking garage will open, with two-thirds of the spaces leased to Cooper for visitors and employees. The garage, a Camden County Improvement Authority project, will include 9,500 square feet of retail space, Shaffer says.

In general, financial challenges are "not stopping hospitals from doing what they need to do," Czajkowski says. Hospitals borrow money and rely on fundraising by their foundations to pay for expansions and upgrades, he says.

And that keeps the builders busy.

At St. Francis Hospital in Trenton, VJ. Scozzari and Sons is building a 4,500-square-foot entrance, reception area and corridor tying the hospital to the parking garage, says Vince Scozzari Jr., one of the principals of the Lawrenceville company. In 2002, it completed a renovation to add a new cardio-catheterization lab at the hospital.

Healthcare construction — hospital, pharmaceutical and non-higher-education research facilities — accounts for 35 percent of Skanska's business in New Jersey and 45 percent nationwide. Skanska provided construction management services for large New Jersey projects completed in the last three years to:

- The University of Medicine and Dentistry of New Jersey for a 139,000-square-foot, \$43-million expansion of the Cancer Institute of New Jersey on the New Brunswick campus of Robert Wood Johnson University Hospital.
- AtlantiCare Health Park in Egg Harbor Township for an \$11-million, 57,000-square-foot Life Center/Medical Office Building.
- Kennedy Health System in Turnersville for a new, 96,200

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Sarofi-oriental is completing its move to 55 Corporate Drive, Bridgewater, a former AT&T site, which the pharmaceutical company will use as its U.S. headquarters.

square-foot, \$19-million emergency department — built to allow future expansion — followed by a \$16 million, 75,000 square-foot addition and renovation to make room for a neonatal intensive care unit and 40-bed progressive care unit.

Last October, Turner Construction held the ribbon-cutting ceremony for a 14,000-square-foot addition, housing a new catheterization lab, at Newton Memorial Hospital.

"This was a nice addition to the previous project that we did there,

which was an emergency room expansion," Macedo says. "We expanded first — built an addition — and then went in and renovated and expanded . . . We doubled the size of their emergency department." That project finished in November 2005.

Czajkowski says, "The projects that seem to be in the spotlight right now for expansion or renovation are emergency departments and oncology services."

Macedo agrees. In the last three

years, Turner has done two other emergency-room expansions — at the Helen Fuld campus in Trenton and at Rahway Hospital, now part of the Robert Wood Johnson University Hospital family.

And Turner expected to complete Somerset Medical Center's Steeplechase Cancer Center — a \$15-million, 64,000 square-foot center connected to the existing facility via an overhead pedestrian walkway — by the end of 2006. Previously, in Sparta, Turner built a 22,000-square-foot addition to house an oncology center at the Sparta Health and Wellness Center, which is affiliated with Newton Memorial Hospital.

Holy Name Hospital in Teaneck is in the midst of a \$60-million capital initiative, including the complete renovation and expansion of its emergency care center. The new, 21,000-square-foot, 41-bed facility is attached to the hospital, says Wayne Kinder, vice president in charge of facilities. "The advantage is that we're able to build it while keeping the existing facility active," he says.

"The emergency room was built 25 years ago, and it's exceeded its capacity," he explains. The new facility should cut wait times, with bedside registrations and automated, high-tech equipment for handling patient records. "Technology is one of the keys to safe patient care and efficient patient care," Kinder notes.

It's also expensive. Typically, building costs account for 60 to 75 percent of a hospital facility; the rest goes to equipment purchases, Kinder says.

For example, Holy Name is working on a phased project of developing a cardiovascular institute, combining the services of vascular and cardiac surgeons in one department. The hospital took over a patient unit for the institute and is adding two floors of private patient rooms atop another



Turner Construction has built many projects for Newton Memorial Hospital. Pictured here is a rendering of the facility's new emergency department.

building to compensate. Construction costs are \$10 million for the two floors, \$1.2 million for the institute and a little more than \$1 million apiece for five pieces of specialized equipment, Kinder says.

The hospital also is renovating the entire facility to give it "more of a look of hospitality," Kinder says. "It's not that stark, hospital look. We hired our own interior designer to work with the architect so that we keep the same theme throughout the hospital. It just keeps a person more comfortable."

And the hospital is renovating its dialysis units, Kinder says. "The hospital facilities are large facilities that are very busy, and you just have to keep up with the technology. In New Jersey, it's a very regulated business, and the key is to keep the [patient] volume up so that we can keep paying for these projects."

In Elizabeth, Trinitas Hospital



A rendering of the \$7-million, 449-space parking deck being constructed at Hunterdon Medical Center, Flemington.

completed a 50,000-square-foot cancer center in 2005. The Trinitas Comprehensive Cancer Center earned Gilbane Building Company a Project of the Year Award from the Metro NY/NJ Chapter of the Construction Management Association of America.

"It is unusual in that it houses two linear accelerators, which are machines used to deliver radiation

therapy to cancer patients," says Michael McIntyre, director of support services. Housing such equipment takes specialized facilities — the accelerators are in concrete bunkers with walls six feet thick in some spots, for example. "It's much more than constructing just an office building."

The center cost \$19.5 million to



Newton Memorial Hospital  
The Charles L. Tice Heart Center  
Ribbon Cutting 2005




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build and \$8 million for equipment. Trinitas previously housed a cancer-care program in one of its other hospitals, now closed, and wanted to expand the program to offer Elizabeth residents a more comprehensive range of services, McIntyre says. The new building includes a first-floor medical oncology area where patients receive chemotherapy, a second floor with a pharmacy and space available for expansion, a third floor with exam rooms and administrative offices, a fourth floor designated for expansion of the cancer program and a 2,100-square-foot rooftop patio with a

the entire project is adapting the HVAC and electricity to be able to handle the new equipment," McIntyre comments. Construction - scheduled for completion last month - is about \$600,000, with the equipment costing \$1.3 million.

"Hospitals are always driven by function over form," Gertz says. Technology is advancing so fast that plans need to include provisions for adaptation and growth during construction. If an architect designs a building for a particular piece of medical equipment, that equipment may be outdated by the time the construction nears completion, he

leader in the pharmaceutical market. Many of those companies have gone elsewhere . . . We had millions and millions of dollars in construction in pharma, but much of that work has now gone outside of New Jersey."

Skanska's pharmaceutical clients in recent years have included Pfizer in Morris Plains for construction of a new, \$91.3-million, four-story, 490,000-square-foot office building and a four-story, 1,150-vehicle parking garage; and Schering-Plough for its \$303-million Multi-Project Sitewide Program in Summit, including a clinical manufacturing facility, 700,000-square-foot research and development (R&D) building renovation, new parking garage and renovations in eight office buildings.

Twenty-two out of 25 HealthCare Institute members have their world or North American headquarters in New Jersey, Healey notes. The new Bayer Pharma, for example, has decided to locate its headquarters here.

Sanofi-aventis was spending more than \$55 million on refurbishment and construction for a phased move from the Somerset Corporate Center to the former AT&T site at 55 Corporate Drive in Bridgewater. The company was expected to be completely relocated to the site by the end of 2006, according to Marc Greene, senior director of media relations. "It's approximately 670,000 square feet on 150 acres on Route 206 near I-287 and I-78. This is going to be our U.S. headquarters for pharmaceutical operations. We also have our R&D facility in Bridgewater."

In other projects, "Novartis is in the middle of a 10-year buildout in East Hanover," Healey says. "Novo Nordisk is literally busting at the seams in North Brunswick and Plainsboro." And Eisai, a Japanese company, is building its



A rendering of Somerset Medical Center's \$15-million Steeplechase Cancer Center, being built by Turner Construction.

view of the New York City skyline.

"It takes a lot of space to do cancer care right," comments Doug Harris, public relations director for Trinitas. The building contains features such as extra-wide cubicles in the registration area, so frail patients can sit with family members. "The whole building from top to bottom is designed to try to make the experiences as easy for the patient as possible."

O.A. Peterson Construction Company is building a new cardiac catheterization lab at Trinitas, renovating one of the hospital's two existing labs to accommodate new technology. "Probably 40 percent of the cost of

explains.

The pharmaceutical industry is building as well. New construction totalled \$1.02 billion and maintenance and renovation \$1.15 billion during 2006, says Bill Healey, executive vice president of the HealthCare Institute of New Jersey. That's \$640 million more than the annual average.

"It is historically unprecedented," he says. "The industry's always had large expenditures in construction, but they're particularly large right now."

Gertz, however, sees fewer pharmaceutical construction opportunities than previously. "It used to be that New Jersey was a



new North American headquarters in Woodcliff Lake.

Healey sounds one caveat to projections for continued industry growth: "The Democratic Party has said that they want to open up Medicare Part D to the concept of price negotiations with the federal government instead of leaving those negotiations to the insurers . . . The downturn in expenditures could have a very negative effect in industry spending. National policy has everything to do with the success of this industry." ❧

750 Roche  
Employees Walk For  
Children with  
HIV/AIDS



More than 750 employees at Nutley-based Hoffman-LaRoche, Inc., participated in the fourth annual Global Roche Employees AIDS Walk to raise funds to support children infected and affected by HIV/AIDS.

Since the walk's inception in 2003, it has raised more than \$2.2 million for children affected by the disease. For every dollar the employees raise through donations for their efforts, Roche matches these funds.

A portion of donations from the Nutley Walk are distributed to community-based non-profit organizations serving people with HIV/AIDS through the New Jersey AIDS Partnership (NJAP). Since 2003, Roche has donated \$123,000 to NJAP. A portion of the funds also go to UNICEF to fund orphanages in Malawi, Africa.

According to the New Jersey Department of Health and Senior Services, 33,349 people were reported to be living with HIV/AIDS in New Jersey in 2006 and the state ranks fifth in the nation in the number of reported cases.

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