

November 7, 2011

SPOTLIGHT: **ENGINEERING**

**NJBIZ SPOTLIGHT**

## Sticking to reliable niches to rebuild project pipelines

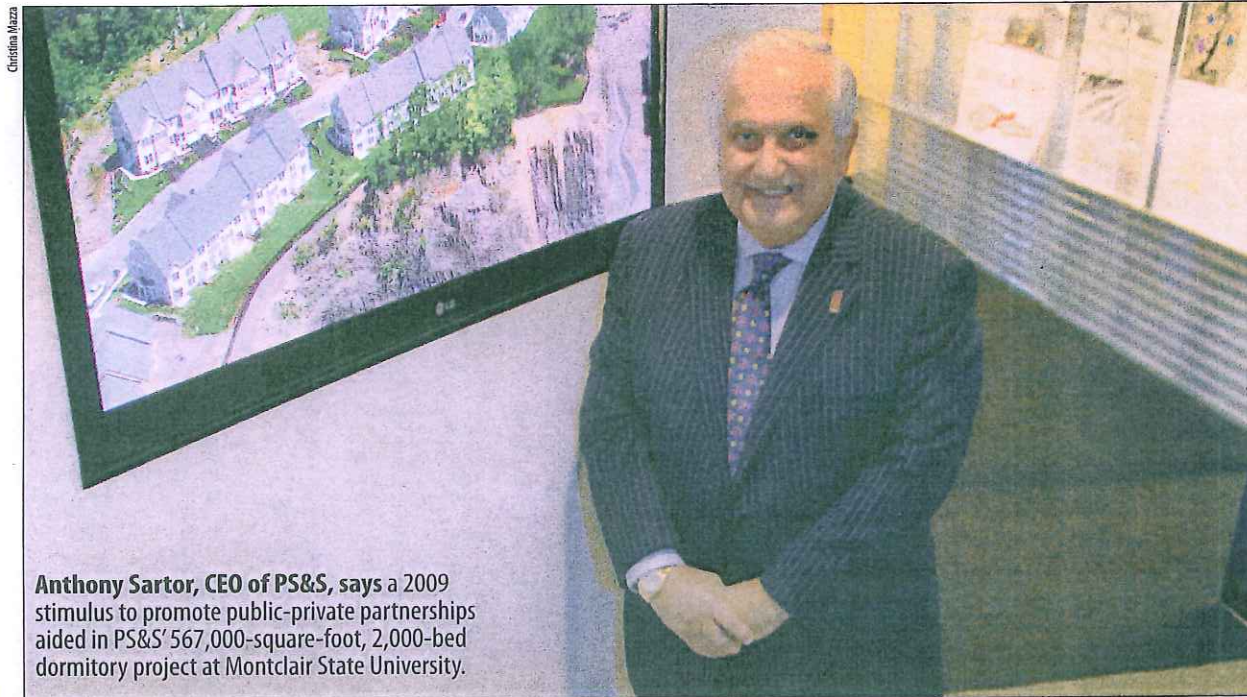
BY JOSHUA BURD

The effects of cash-strapped governments and a stalling economic recovery have not left New Jersey's engineering industry in 2011. But several Garden State firms say they are trying to stay whole through a handful of reliable niche markets, while still looking for signs of hope from state and federal policymakers.

For many companies, historically strong practices, such as commercial real estate, are slow to recover, because of cash-flow problems or developers who remain tentative. **Anthony Sartor**, CEO of **PS&S**, in Warren, said the firm "has a lot of work that's in the queue and on our books, but very few people are willing to pull the trigger to get the projects started."

But PS&S and other firms have managed to find work in fields such as health care, higher education, energy and infrastructure, bolstered in part by government programs and incentives. Early this year, Sartor's firm started a health care practice, which is "gaining some traction," he said. Both PS&S and **Jarmel Kizel Architects & Engineers**, of Livingston, recently were tapped to design the New Brunswick Wellness Plaza, a mixed-used redevelopment project that will include a fitness and wellness center, a new supermarket and more than 1,000 new parking spaces.

"In general, there's been a fair amount



**Anthony Sartor, CEO of PS&S, says a 2009 stimulus to promote public-private partnerships aided in PS&S' 567,000-square-foot, 2,000-bed dormitory project at Montclair State University.**

of ongoing health care work, so that's one market that's continued to be somewhat steady," said **Christopher Cirrotti**, a senior associate with **Dewberry** and branch manager of the firm's Parsippany office. "It's certainly scaled back from what it's been, but

still fairly steady despite the economics."

Cirrotti said that some New Jersey engineering firms have benefited from three new "replacement hospitals" that opened this year in the state: **Capital Health Medical Center**, in Hopewell; the new **Virtua**

**Health facility**, in Voorhees; and **University Medical Center**, of Princeton.

But some engineers also have found work at older hospitals, thanks to the PSE&G Hospital Efficiency Program, said

> See **PROJECTS** on page 21

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**John Sullivan**, vice president of energy policy and development at **Concord Engineering**. Under the three-year-old program, PSE&G pays for an energy audit and proposes measures to cut consumption at medical facilities, creating jobs for consultants in the business.

"It gives them a reason and a path forward to do things to actually save them money," Sullivan said, noting that new funding recently was approved for the initiative.

As with hospitals, "there is a great need to do projects at higher education institutions," Cirrotti said. However difficult it may be in today's economy, colleges and universities are constantly focused on having the best and most up-to-date facilities, he said.

"The private schools want to do projects to be more competitive and to be more marketable to potential students," he said. Meanwhile, "on the public sector side, some of the larger state universities ... are still able to move forward, because they have bonding capacity that allows them access to capital."

A public-private partnership led to one of the most high-profile projects for Sartor's firm — a new, 2,000-bed dormitory at Montclair State University that opened this fall. The firm worked on the 567,000-square-

### PROJECTS

> Continued from page 21

tepid real estate market. While new-home construction continues to languish, Cirrotti said, multifamily dwellings "are really the only things that developers are even considering moving forward with at this point."

**Matthew Jarmel**, principal at Jarmel Kizel, said the firm is now working on about a half-dozen multiunit projects that together call for more than 1,000 units. They include South Orange Commons, a luxury rental building of 57 units, and Hudson Heights, a 10-story, 96-unit condominium building in Union City.

The projects come at a time when the last few scraps of public-sector work are reaching the end of the design phase — many projects are now heading to construction or being shelved for a lack of cash, Cirrotti said. Dewberry has benefited from a "healthy backlog" of transportation projects, even through this year, he said, but the firm is now seeing a possible funding crisis on the horizon for infrastructure. "And it get's getting closer," he said, meaning the company will have to work to maintain its market share.

"At the state level, they're just prioritizing things," Cirrotti said. "There's generally going to be fewer sort of 'mega projects' in the near future, and probably a lot more of 'well, we have fix this bridge before it falls down.'"

But there are hints of continued work in several niche markets. Cirrotti said "there's been talk on state level" about finding ways

Christine Merza

**PS&S is keeping an eye on Atlantic City, and its CEO says Chris Christie's efforts to revitalize the area could mean an uptick in real estate and hospitality development.**



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Anthony Sartor  
PS&S CEO

foot project for nearly two years, benefiting from a 2009 stimulus law that promotes private development on college campuses.

"That one project was fantastic, and we're spending a lot of time going after and ... looking for various other types of projects in the universities, both private and public," Sartor said. "We're making a major effort there."

Furthermore, the increasing shift toward multifamily living is offering another sign of hope for engineers in an otherwise-

to drum up capital for improvement projects at higher education institutions, even though concerns about creating additional debt have stalled the initiative. If the funding becomes available, he said, the pent-up demand will lead to a "surge of work" for engineers.

At the state level, Sartor said Gov. **Chris Christie's** push to revitalize Atlantic City could breathe new life into in the firm's real estate and hospitality practices,

which have long been cornerstones of the 49-year-old company.

PS&S, meanwhile, is keeping an eye on the **Barack Obama** administration's proposed Susquehanna-Roseland power line, a 145-mile project designed to double transmission capacity between Pennsylvania and New Jersey. Contracts from the project would add to the firm's portfolio of utility infrastructure — another sector Sartor said has sustained

the company in recent years. The firm's biggest utility client is **PSE&G**, which is "creating jobs in our industry in a very, very big way."

"We have been doing it for years, but this year it's really stepped up, primarily in the transmission area," Sartor said. "They've got some major transmission projects that are taking off."

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