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Governor Christie Releases Recommendations for New Capital Program for SDA Districts

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Tags: [Education](#)

Top-to-Bottom Reform Leads to Responsible Planning, Spending of Public Dollars

Trenton, NJ – Governor Chris Christie today announced a complete revamping of the Schools Development Authority construction program and the first-ever statewide prioritization of SDA school construction projects to bring accountability to the spending of hundreds of millions of taxpayer dollars annually for school improvements and expansion. The new program embodies the fundamental reforms taken at the SDA since Governor Christie took office. The recommendations will be presented to the SDA Board of Directors in the coming weeks for their review and approval.

The new approach is the result of a comprehensive review conducted over a six-month period by an internal working group consisting of SDA and Department of Education officials and reflects a wholesale strategy shift from the SDA's earlier 2008 Capital Plan. The changes reflect a commitment to the efficient and proper use of public funds, an objective prioritization of statewide educational needs and the advancement of sound design and construction principles. For the first time ever, the reforms will allow the Authority to responsibly advance each project in the most efficient, cost-conscious manner – unlike the wasteful, hands-off-the-steering-wheel approach of the prior program.

"We all know that the prior program was associated with the absolute worst kind of government waste, mismanagement and lack of supervision, where much was promised, too much was spent, but too little was returned," Governor Christie said. "I could not responsibly or in good conscience let that history repeat itself at this agency. We will move forward smartly and deliberately to deliver value to the school districts and to our taxpayers."

"The completion of the Capital Plan Review marks a new day for school construction in New Jersey," said CEO Marc Larkins. "With a statewide prioritization in place, new project delivery processes planned, and a full understanding of the SDA's capacity, the Authority is poised to move forward with an efficient, responsible school construction program that will address the needs of our students and communities statewide."

Highlights of the 2011 Plan include:

- A carefully considered, objectively prioritized Capital Program rather than merely a list of 52 projects
- An annual selection of projects to be undertaken – starting with 10 in 2011
- A strategic approach to standardization in school projects, allowing for design replication on multiple projects, resulting in estimated savings of nearly \$4 million per project over less efficient prior project delivery methods
- Allocation of \$100 million for the advancement of additional emergent projects in the SDA Districts
- A statewide Prioritization Plan to be reviewed annually, providing a framework for project advancement so that only those projects most needed and most efficient will proceed into construction

The new approach and reforms represent a shift away from design excess, costly change orders and mismanagement, and will allow the SDA to responsibly advance each project in the most efficient manner. The present review evaluated all projects using the same factors, where prior reviews showed a bias in favor of certain types of projects, including, for example, early childhood centers.

The comprehensive review resulted in the recommendation to advance the following 10 projects in 2011, representing a state investment of almost \$584 million:

- Bridgeton – Cherry Street Elementary School
- Elizabeth – Academic Magnet High School
- Long Branch – Catrambone Elementary School
- Jersey City – PS 20 Elementary School
- Jersey City – Elementary School 3
- New Brunswick – A. Chester Redshaw Elementary School

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- Newark – Oliver Street Elementary School
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- West New York – Harry L. Bain Elementary School

The SDA review yielded a consistent and fair analysis of projects statewide with all districts and all projects rated for the same factors. For the first time, the SDA considered total project cost, cost per student and efficiency of construction. Using the same uniform process and selection criteria, the SDA will identify the next group of school construction projects for 2012.

Governor Christie directed a comprehensive review of the SDA early in his administration. In addition, the State Auditor heavily criticized the SDA's 2008 Capital Plan in June 2010. Among the criticisms raised by the State Auditor was the requirement that every SDA District receive a project and that certain projects included in the 2008 Plan had never been properly evaluated.

Since Governor Christie vetoed a change order proposed by the SDA in January of 2010 and Larkins was named CEO in March of last year, the agency has seen sweeping reforms. The highlights of the reforms are improvements in handling change orders, with a renewed emphasis on protecting state resources, and a structural overhaul of the agency. The new change order process affords more Board oversight of agency operations, and the new organizational structure moves away from a departmental model to a "team-based" approach. The SDA has also reduced staffing by almost 20% and made other operational changes, reducing the organization's budget by more than \$4 million per year.

With the completion of the Capital Program and the organizational structure needed to support the program in place, the SDA will continue to implement strategies to execute projects more efficiently. Through the annual advancement framework, the Authority will promote design standardization leading to design replication on multiple projects. In addition, the SDA will continue to identify alternate methods of project delivery including design-build, which allows for overlapping of design and construction schedules leading to faster project delivery.

Beginning in March last year, with Larkins' appointment as CEO, the SDA has undergone a sweeping reorganization. The new structure moves away from a departmental model for the delivery of school projects to a "team-based" approach. This structure provides for greater continuity, better communication and supervision throughout the life cycle of a project. In short, the Authority can now deliver projects more efficiently and with the strictest adherence to cost controls.


The Authority fully funds and manages new construction and modernization of school facilities projects in SDA Districts. Other SDA District projects for which the Authority is responsible are renovations and repairs deemed emergent by the DOE due to health and safety reasons.

The SDA also makes grants available to the 574 Regular Operating Districts (RODs) throughout New Jersey for projects approved by the DOE. These grants fund at least 40 percent of eligible project costs, with the remaining share coming from local communities, contingent on budget or voter approval. The SDA portfolio contains more than 1,000 active ROD grants, 388 of which have been advanced since May of 2010, and total more than \$126 million.

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Press Contact:
Michael Drewniak
Kevin Roberts
609-777-2600



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Office of the Governor
PO Box 001
Trenton, NJ 08625
609-292-6000