

MEMORANDUM

TO: Members of the Authority

FROM: Larry Hanover, Senior Public Information Manager

DATE: January 28, 2009

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

Introduction:

The SDA received significant media coverage this month resulting from the awarding of construction contracts that were substantially below estimates for the Morgan Village Middle School in Camden and the Egg Harbor City Elementary/Middle School.

The Star-Ledger, Associated Press and NJN were among the outlets to interview CEO Kris Kolluri regarding the significant savings seen in the bidding process involving the two schools. The two estimates were a combined \$8.9 million less than expected, likely the result of economic conditions. Twelve bidders competed for the Egg Harbor City project, a number without precedent for the SDA.

“We’re the silver lining in a relatively dark economic cloud,” the CEO told the Associated Press in a story appearing in several publications.

The contract for the new Morgan Village school was \$20,997,000, roughly \$6.1 million below the construction cost estimate of \$27,176,413. The contract went to Chanree Construction Co., Inc., of Ortley Beach.

The contract for the new Egg Harbor school was \$15,160,480, about \$2.8 million below the construction cost estimate of \$17,950,000. The successful bidder was Tamburro Bros. Construction Company Inc. of Millville.

Following Governor Corzine’s direction, the SDA is accelerating projects to help stimulate the economy and create jobs. The state lost 63,000 jobs from December 2007 to December 2008, including 9,200 in the construction industry.

In addition to five previously funded projects (including Morgan Village and Egg Harbor City Elementary/Middle School), the SDA plans to launch 24 projects in 2009 with its new funding allocation. These projects represent approximately \$1.4 billion worth of work and are expected to support or create approximately 16,000 jobs over their duration.

SDA Events:

- January 9: A dedication ceremony was held for Camden's new **Early Childhood Development Center**. The ECDC provides a safe, modern learning environment for 444 preschool and kindergarten children, easing overcrowding in the district. The 81,800-square-foot school consists of 37 classrooms for pre-kindergarten and kindergarten students ages 3 to 5. ECDC is the second school to open in Camden under the state's school construction program. The Catto Elementary School, a demonstration project built in collaboration with city officials and the Boys and Girls Club of New Jersey, opened in September 2007. Altogether, the SDA has spent or committed more than \$430 million for eight Camden projects.

Upcoming Events:

- February 5: **Alliance for Action meeting:** CEO Kris Kolluri will address membership regarding the status of the program and upcoming projects. The event will be at the Alliance's offices in Edison.
- February 6: **Chamber of Commerce-Southern New Jersey public policy forum:** Kolluri will participate in a panel on the topic "South Jersey Coast to Coast: Keeping the Region's Economic Engine Running." The event will be at The Mansion in Voorhees.
- February 11: **Joint Committee of the Public Schools meeting:** The CEO will address the committee to provide an update on the program, including information on projects in Paterson. The event will be at Paterson's recently opened International High School.
- February 20: **New Jersey Business and Industry Association – School Construction Seminar:** Kolluri, Vice President/COO Jerry Murphy, Vice President/Chief Counsel Janesa Urbano and Regina Bleck, Vice President for Project Management, will appear to provide an update on the school construction program and explain how to bid on SDA work. The event will be at Pines Manor in Edison.

Construction Update:

The SDA currently has 17 active construction projects in SDA (formerly Abbott) Districts, 3 active Demonstration Projects and 8 ongoing projects in Regular Operating Districts (ROD). Overall the SDA has completed 592 projects: 46 new schools; 41 extensive additions, renovations and/or rehabilitations; 21 other rehabilitation projects; 354 health and safety projects; 127 SDA District grant projects; and 3 demonstration projects in SDA Districts. In addition, 19 ROD projects managed by the SDA have been

completed. The program also has distributed \$2.2 billion in grants, impacting more than 1,400 suburban ROD schools statewide.

Contractor Procurement:

A Request For Quotations was sent out in January for the new Elliott Street School design-build project in **Newark**.

A construction bid was advertised in January for an early childhood center project in **Pemberton Township**. (Exhibit A)

Construction Contracts:

As of January 28, 2009, the Authority has entered into construction contracts totaling \$3,569,946,481.87 since the inception of the school construction program in 2002.



Larry Hanover

