



STATE OF NEW JERSEY

SCHOOLS DEVELOPMENT AUTHORITY

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## MEMORANDUM

TO: Members of the Authority

FROM: Kristen MacLean, Director of Communications

DATE: November 3, 2010

SUBJECT: New Jersey Schools Development Authority (SDA)  
Monthly Communications Report

### **CEO Testifies Before Assembly Education Committee**

On October 14, SDA CEO Marc Larkins testified before the Assembly Education Committee regarding the status of the Authority's ongoing review of all 2008 Capital Plan projects not currently under construction.

Larkins testified that, in June 2010, the need for the review crystallized as the State Auditor released a report criticizing the 2008 Capital Plan process. He advised the Committee that a key issue flagged in the audit report was a requirement that every SDA District have a project except for Neptune, whose Long Range Facilities Plan was complete. The audit report also cited the SDA for failing to fully vet 27 projects that made it into the 2008 Capital Plan.

Larkins told the Committee that the review was necessary because the 2008 Capital Plan failed to address which construction projects were needed purely on the basis of educational priority. Larkins explained that a working group comprised of SDA and Department of Education staff will forward recommendations shortly to both agencies' executive teams. Once finalized, the recommendations would then be sent to the Governor for review. An announcement regarding a new Capital Plan is anticipated for early 2011.

Although the capital plan review process is underway, Larkins said, the SDA continues to manage 47 projects throughout the state worth an estimated \$363.1 million. Among those projects are:

- 6 major construction projects in SDA Districts.
- 2 major construction projects in Regular Operating Districts.
- 37 SDA-managed emergent projects.
- 2 emergency conditions.

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The SDA is also currently overseeing 388 grant projects with total estimated costs of \$289.8 million. These include 314 grants to Regular Operating Districts that have been executed since the May 2010 announcement regarding the ROD program's resumption. The state grant program funds at least 40 percent of eligible costs for projects in the RODs, addressing health and safety issues, student overcrowding and other critical needs. The SDA grant total also includes 74 emergent projects delegated to SDA Districts. These projects are fully funded by the state.

### **Rules Proposed for Delegation of Management to SDA Districts**

On October 18, proposed rules were published in the New Jersey Register that establishes the procedure for delegating the management of future school facilities projects in SDA Districts. The DOE has companion rules to the SDA rules.

Under the proposed rules, SDA Districts that have been deemed eligible by DOE would be evaluated by SDA to determine if they have the necessary administrative/financial expertise and controls in place, and the capacity to manage specific delegated projects effectively. Once it is determined that management of a school facilities project will be delegated, the SDA, DOE and the SDA District would enter into a grant agreement. The grant process would span the initiation of the delegation to the completion and closeout of the project.

The SDA also would offer to provide training programs to SDA Districts that lack the capacity to manage delegated projects to develop them for future eligibility consideration.

### **Event:**

- **November 4** – Speech to New Jersey Urban Land Institute: CEO Marc Larkins will speak at the Institute's "Urban K12" event regarding the importance of schools in urban neighborhoods and the financial challenges of building them. The event will be at Union City High School.

**Report prepared by: Larry Hanover**