

Board Action Summary

An Outline of the Chief Executive Officer’s Recommendation to the Board of Education

New Program: Yes No

Modified Program: Yes No

Subject: Prince George’s County Public Schools Alternative Construction Financing Package 1
Approval of Contract Award

Abstract and Highlights:

The Board of Education accepts the recommendation of the Chief Executive Officer and approves the terms outlined herein and award under Request for Proposals No. DCP19-24A for the Design, Construction, Financing and Maintenance of Prince George’s County Public Schools Alternative Construction Financing Package 1 Schools (as amended through September 2, 2020, the “RFP”) to Prince George’s County Education & Community Partners.

Prime Contractor Name: Prince George’s County Education & Community Partners
A special purpose entity comprised of Fengate Capital Management Ltd. (75%) and Gilbane Development Company (25%), collectively serving as Financing Members/Developer

MBE Participation: **MBE/CBB Commitment Meets 30% of Proposed Contract Value**
30% of Total Contract Value committed to MBEs (Minority Business Enterprises)
A minimum of 20% of MBE contracts directed toward CBBs (County-Based Businesses)
Initial Identified MBE/CBB Vendor List Provided Below
Total MBE/CBB Anticipated Minimum Spend: \$229,725,000

Explanation:

WHY PGCPs IS DOING THIS PROJECT

- PGCPs has among the second oldest school facilities in the state and over 40 percent of our buildings that were constructed nearly 60 years ago now need replacement or complete renovation. Also, PGCPs needs to create thousands of middle and high school seats to avoid forecasted county-wide overcrowding.
- The costs of keeping up with our growing student enrollment and our 206 rapidly aging schools are substantial and continue to grow. In recent years, we have identified that over \$8.5 billion is needed over 20 years to fully modernize building systems and components, repair or replace our existing schools, or expand existing capacities.
- Of the needed \$8.5B in modernization and new construction funding, approximately \$210M is all that is available annually via traditional funding, which falls substantially short of these critical infrastructure needs.

WHAT IS THE ACF

- ACF or Alternate Construction Financing indicates utilization of financing that differs from general obligation bonds—the traditional way public construction is financed.
- The Selected Proposer is required to take on the financial risks of the delivery, design and build to standards within a set timeline, maintain the facilities for 30 years and hand these assets back to the public agency (i.e., PGCPs) at the end of the contract in excellent condition.

WHAT SCHOOLS WOULD BE DELIVERED

The chosen schools were selected from the existing prioritization of the Educational Facilities Master Plan for “Cycle 1.”

- New Adelphi Area Middle School
- Hyattsville Middle School
- Kenmoor Middle School
- Drew-Freeman Middle School
- New Southern Area K-8 (a new elementary school and new middle school with integrated spaces)
- Walker Mill Middle School

Please note other Cycle 1 schools will continue to be delivered via traditional financing.

WHEN WOULD THESE SCHOOLS WOULD BE DELIVERED

The Long Stop Date is July 15, 2024.

HOW WAS THIS PROCURED

Overview

PGCPS conducted a two-phase selection process that included a Request for Qualifications (RFQ) to create a shortlist of the most highly qualified respondents and a Request for Proposals (RFP) to solicit competitive proposals from the shortlisted respondents for the design, construction, financing and maintenance of the six schools.

The full procurement timeline is presented in the RFQ and RFP.

Phase One: Request for Qualifications (RFQ)

The Request for Qualifications No. DCP19-24 Design, Construction, Financing and Maintenance of PGCPS ACF Package 1 was issued on May 30, 2019, and eight (8) Statements of Qualifications were subsequently received by PGCPS on July 15, 2019. On November 20, 2019, with the support of the "ACF Work Group" formed by the County Council in May 2018 and authorization as approved in Resolution CR-33-2018 and with the support of the participating independent experts and technical advisors, PGCPS invited the four (4) highest-ranked Respondents to the RFQ to continue with the procurement process (i.e., these top 4 Respondents were the only entities eligible to respond to the second phase of the procurement aka the RFP).

Phase Two: Request for Proposals (RFP)

PGCPS issued Request for Proposals No. DCP19-24A for the Design, Construction, Financing and Maintenance of Prince George's County Public Schools Alternative Construction Financing Package 1 Schools on November 20, 2019 (as amended through September 2, 2020, the "RFP").

Evaluation of Proposals (Technical and Financial)

The evaluation and selection of the most advantageous Proposal involved multiple steps and expansive participation that included the formation of a formal Selection Committee as well as a Design and Construction Subcommittee, Facility Maintenance Subcommittee, MBE Subcommittee, Financial Advisory Team, Legal/Administrative Advisory Team, and Technical Advisory Team comprised of independent experts, technical advisors and qualified professionals with experience in the diverse Project elements.

Technical Proposal Scoring

The Technical Proposal evaluation criteria consisted of five major criteria (i.e., Organization & Project Management; MBE/CBB and Local Community Benefits Program; Design Approach; Construction Approach; and Facilities Management Approach) with associated sub criteria that were evaluated by the appropriate Subcommittee resulting in a consolidated Technical Summary Report to the Selection Committee that summarized the strengths, weaknesses and any deficiencies of each major criteria in each Technical Proposal. Based on review of each Technical Proposal and the findings from the Technical Summary Reports of the Subcommittees, the Selection Committee, in accordance with the evaluation criteria set forth in the RFP and the procedures of the related Evaluation Manual, evaluated and scored the responsive Technical Proposals.

Evaluation Criterion Weighting	
TECHNICAL PROPOSAL	
<i>Organization & Project Management</i>	40
<i>MBE/CBB and Local Community Benefits Program</i>	35
<i>Schedule</i>	20
<i>Design Approach</i>	77
<i>Construction Approach</i>	58
<i>Services Approach</i>	70

Financial Proposal Scoring

Note: The Technical Proposal scoring and Financial Proposal scoring occurred independently of each other and prior to the completion of the Technical Proposal scoring; the Selection Committee was prohibited from reviewing or hearing of any element of the Financial Proposals.

The Financial Advisory Team reviewed the Financial Proposals independently of the Technical Proposal review process. The Financial Advisory Team determined the net present value of the proposed Availability Payment proposed by each Proposer and provided a Financial Summary Report to the Selection Committee for each Proposal, which identified the Financial Advisory Team’s findings and summarized the strengths, weaknesses and any deficiencies in each Financial Proposal. Based on review of each Financial Proposal and the findings from the Financial Summary Report of the Financial Advisory Team, the Selection Committee, in accordance with the evaluation criteria set forth in the RFP and the procedures of the related Evaluation Manual, evaluated and scored responsive Financial Proposals.

Evaluation Criterion Weighting	
FINANCIAL PROPOSAL	
<i>Cost Score</i>	<i>200</i>
<i>Financing Plan Score</i>	<i>100</i>

Total Proposal Scoring

After points were independently assigned as described above to the Technical Proposal and the Financial Proposal, the Selection Committee added the Technical Proposal point score and the Financial Proposal point score for each Proposal. The Proposer that submitted the Proposal that receives the highest total number of points was then deemed to provide the best value to PGCPS and is the Selected Proposer.

THE SELECTED PROPOSER

- **PROPOSED AWARDEE:**

Prince George’s County Education & Community Partners: A special purpose entity that will be comprised of Fengate Capital Management Ltd. (75%) and Gilbane Development Company (25%), collectively serving as Financing Members/Developer

- **LEAD DESIGN-BUILDER:**

Gilbane Building Company (Local Office)

- **LEAD ARCHITECT:**

Stantec (Local Office)

- **SERVICES PROVIDER:**

Honeywell

- **INITIAL IDENTIFIED TEAM MEMBERS:**

- Warren Brothers Construction, Construction Subcontractor (*PGC MBE/CBB*)
- Corenic Construction, Construction Subcontractor (*PGC MBE/CBB*)
- Lanier Electronics Group, Inc. (*PGC MBE/CBB*)
- Mona Electric Group, Inc., Electrical Design-Build/Assist Subcontractor (*PGC MBE/CBB*)
- Shapiro & Duncan, Mechanical Design-Build/Assist Subcontractor (*PGC MBE/CBB*)
- Three E Consulting, Design-Build MBE/CBB and Outreach Consultant (*PGC MBE/CBB*)
- K. Dixon Architecture, PLLC, Design Community Engagement Architect (*PGC MBE/CBB*)
- Leuterio Thomas, LLC, Structural Engineering (*PGC MBE/CBB*)
- SETTY & Associates, Electrical Engineering (*MBE*)
- Floura Teeter, Landscape Architect (*MBE*)
- Polysonics, Acoustics & Vibration Consultant & Security Designer
- Jensen Hughes, Building Code and Life Safety Consultant
- Nyikos-Garcia Food Service Design, Inc., Food Services Consultant (*MBE*)
- Diversified Educational Systems, Inc., FF&E Designer
- Arel Architects, Inc., Peer Reviews & Permitting (*PGC MBE/CBB*)

WHAT ARE THE KEY TERMS OF THE PROPOSED AWARD

School Delivery	<ul style="list-style-type: none"> Targeted delivery date of July 15, 2023, for all 6 schools (Long Stop Date of July 15, 2024) Total of 973,440 Gross Square Footage (GSF) 3 designs for the 6 schools with common design elements incorporated into all 6 schools
Services Period Term	30 years, expiring June 30, 2053
MBE/CBB Commitment	30% of Total Contract Value committed to MBEs with a minimum of 20% of those MBE contracts directed toward CBBs
Progress Payment (50% Completion)	\$15,000,000
Milestone Payment (Upon School Occupancy Readiness)	\$5,000,000 (\$2.5M County contribution) per school
Maximum Anticipated Design-Build Cost	\$459,250,000
Maximum Anticipated Services Cost	\$306,500,000
Indicative First Year Availability Payment	\$29,801,580 (\$15M County contribution)
Credit Spread Risk Protection	5% of the Availability Payment
Total Indicative Availability Payments Over the Term	\$1,194,666,502
Design-Build Cost per GSF	\$471.78
Lifecycle Cost per GSF	\$110.22
Capital Charge Escalation	1.5% annually
Service Charge Index	Indexed annually

NEXT STEPS

PGCPS and Prince George’s County Education & Community Partners will enter into a 90-day exclusive negotiation period as set forth in the attached Exclusive Negotiation Agreement (“ENA”). Within the 90-day period, parties will finalize deal terms, finalize the Project Agreement (draft attached), and commence and complete commercial and financial close. Closed terms are highlighted in the draft Project Agreement. The Maximum Anticipated Design-Build Cost and Maximum Anticipated Services Cost can only be adjusted down and not up during the ENA period.

Budget Implications: \$1,194,666,502

Staffing Implications: None at this time

School(s) Affected: New Adelphi Area Middle School, Hyattsville Middle School, Kenmoor Middle School
Drew-Freeman Middle School, New Southern Area K-8 & Walker Mill Middle School



Preparation Date: September 30, 2020

Endorsed: _____
Associate Superintendent of Supporting Services

Person Preparing: Jason Washington

Endorsed: _____
Chief Financial Officer

Board Agenda Introduction Date (Budget Consent): October 21, 2020

Endorsed: _____
Chief Operating Officer

Board Action Date (Budget Consent): October 21, 2020

Approved: _____
Chief Executive Officer

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
Upper Marlboro, Maryland 20772

RESOLUTION

WHEREAS, the mission of PGCPSS is to provide a great education that empowers all students and contributes to thriving communities, and one of the key components of PGCPSS' strategic plan is maintaining teaching, learning, and working environments that are inviting, welcoming, technologically equipped, culturally sensitive, healthy, and safe; and

WHEREAS, Section 126 of Division II, Title 4, Subtitle 1 of the Education Article of the Annotated Code of Maryland permits county boards of education, with the approval of the county governing body, to utilize certain "alternative financing methods" in order to "finance or to speed delivery of, transfer risks of, or otherwise enhance the delivery of public school construction"; and

WHEREAS, under subsection (a)(2) of Section 126 of Division II, Title 4, Subtitle 1 of the Education Article of the Annotated Code of Maryland, such "alternative financing methods" include "public-private partnership agreements, in which a county board contracts with a county revenue authority or a private entity for the acquisition, design, construction, improvement, renovation, expansion, equipping, or financing of a public school, and may include provisions for cooperative use of the school or an adjacent property and generation of revenue to offset the cost of construction or use of the school" and "design-construct-operate-maintain-finance arrangements that permit a county board to contract with a county revenue authority or a private entity for the design, construction, operation, and maintenance of a public school under terms agreed to by the parties"; and

WHEREAS, the approved 20-year Educational Facilities Master Plan (as amended in FY 2019) establishes the Blueprint for PGCPSS to ensure adequate educational facilities are provided to meet the needs of PGCPSS' 134,000 students and nearly 22,000 full- and part-time employees, adopting the use of alternative construction financing to deliver school facilities in the timeliest and most cost-effective manner possible, while guaranteeing life cycle asset performance; and

WHEREAS, to advance consideration of alternative construction financing options, in May 2018, the County Council (as defined below) approved Resolution No. CR-33-2018 establishing an Alternative Financing School Infrastructure Work Group ("Work Group") for the purpose of supporting, encouraging and establishing a work group to explore an Alternative Financing School Infrastructure Program for public school construction and replacement projects in the County; and

WHEREAS, the Work Group is comprised of representatives from the County Executive's office, the County Council (as defined below), the Board of Education of Prince George's County, and PGCPSS; and

WHEREAS, the Work Group engaged external advisors and independent experts to undertake due diligence and evaluate a wide spectrum of potential finance and delivery options, concluding that an initial bundle of six (6) schools under a design-build-finance-maintain structure as part of a broader PGCPSS ACF Program could potentially accelerate the delivery of critical new infrastructure from 17 years to 3.5 years, while likewise reducing costs and guaranteeing that the schools would meet prescribed performance standards over a designated term; and

WHEREAS, PGCPSS, with the support of the Work Group, issued Request for Qualifications No. DCP19-24 for the Design, Construction, Financing and Maintenance of Prince George's County Public Schools Alternative Construction Financing Package 1 on May 30, 2019, (as amended, the "RFQ") for an initial bundle of schools as part of the ACF Program; and

WHEREAS, on July 15, 2019, respondents submitted Statements of Qualifications in response to the RFQ; and

WHEREAS, on September 19, 2019, the Board of Education passed a resolution accepting the Chief Executive Officer's recommendation to procure six middle and/or K-8 schools as part of the ACF Program ("Resolution of General Terms for Alternative Construction Financing Package 1 under a Public-Private Partnership Model"); and

WHEREAS, on November 20, 2019, PGCPSS, with the support of the Work Group, issued Request for Proposals No. DCP19-24A for the Design, Construction, Financing and Maintenance of Prince George's County Public Schools Alternative Construction Financing Package 1 Schools to those respondents that were short-listed from the RFQ; and

WHEREAS, on September 28, 2020, the convened Selection Committee completed review of both the submitted Proposals and the findings of the formal Design and Construction Subcommittee, Facility Maintenance Subcommittee, MBE Subcommittee, Financial Advisory Team, Legal/Administrative Advisory Team, and Technical Advisory Team and found The Prince George's County Education & Community Partners to have the highest total number of points from the independent evaluations of the Technical Proposals and Financial Proposals; and

WHEREAS, Prince George’s County Education & Community Partners is committed to delivery of the 6 schools (New Adelphi Area Middle School, Hyattsville Middle School, Kenmoor Middle School, Drew-Freeman Middle School, New Southern Area K-8 & Walker Mill Middle School) by the Long Stop Date of July 15, 2024 for an Availability Payment beneath the \$32M cap with a service term of 30 years expiring on June 30, 2053; and

WHEREAS, Prince George’s County Education & Community Partners is comprised of Minority Business Enterprises (MBE) and County-Based Businesses (CBB) representing 30% of the contract value committed to MBEs with a minimum of 20% of those MBE contracts directed toward CBBs;

THEREFORE, BE IT RESOLVED, that the award and above-referenced terms of the Design, Construction, Financing and Maintenance of PGCPs Alternative Construction Financing Package 1 Schools to Prince George’s County Education & Community Partners are approved.

Submitted by:	_____	Dr. Monica Goldson, CEO
Prepared by:	_____	Mr. Jason Washington
Agenda Date:	_____	
Discussion:	_____	
First Reader:	_____	
Budget Consent:	_____	October 21, 2020
Emergency:	_____	
Amended:	_____	
Deferred:	_____	
Tabled:	_____	
Approved by the Board:	_____	