PGCPS
OFFICE OF THE SUPERINTENDENT
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Dear Board Members:

As part of my commitment to keeping you abreast of the progress of the Blueprint Schools Phase II ("Blueprint Schools") project, I wanted to provide you with an update on the status. As part of our agreement, PGCPS receives regular pricing updates from the Phase II Developer, Progressive Education Partners ("PEP"). Our most recent pricing report contained some troubling information that is impacting the affordability of the project.

As you are aware, Prince George's County Public Schools ("PGCPS") has an established initial affordability limit of $64 million. In short, PEP must provide PGCPS with an annual availability payment up to $64 million or PGCPS will not be able to complete the Blueprint Schools project.

In its latest report PEP reports that the Project Labor Agreement ("PLA") terms, as currently drafted, through negotiation between MCN Build (PEP's Builder) and the Building Trades Union, is preventing them from making the Blueprint Schools project affordable. The current availability payment proposal that PEP submitted is at $69.8 million. PEP has indicated the following PLA issues are contributing to their inability to meet our affordability threshold:

1) **Three (3) Bid Rule:** Traditionally, the Building Trades have agreed to requiring three (3) bids for every contract package to ensure greater competition, however, in the current negotiations they are instead insisting on a one (1) bid requirement. This change as described to us would greatly inhibit competition and would not allow PEP to maximize affordability.
2) **MBE & CBB Participation:** The current exemption for MBEs and CBBs is set at $200,000, well below previous exemptions that we support of $750,000. This, along with restrictive language set forth in the current PLA draft, would significantly limit participation by CBBs and MBEs, contrary to one of the main objectives of Blueprint Schools.
3) **Lack of Subcontractor Participation:** Because of the current PLA draft, several subcontractors (local and regional) that PEP had utilized to build their initial pricing model have declined to proceed with bidding because of the current terms of the PLA.

PEP has explained to us that the path forward to affordability is to reinstate both the three (3) bid rule and to increase the MBE and CBB exemption to $750,000 to ensure maximum

competition and participation. We are committed to executing the Board's directive of ensuring that a PLA is part of the Blueprint School project; however, we can't proceed if the PLA prevents us from reaching affordability.

It also must be noted that the PLA is not the only issue impacting affordability - interest rates, two (2) additional schools, the State's statutory deadline - but it is the one issue directly in our control to address.

If MCN is unable to modify the terms of the PLA with the Building Trades, and PEP is still unable to reach affordability, the Board will need to determine whether we either cancel Blueprint Schools or move forward without a PLA.

Sincerely,

Millard House, II
Superintendent