



Prince George's County Public Schools Alternative Construction Finance (ACF) Program

PGCPS' growing student enrollment, 2,000+ middle school seat deficit, and 206 rapidly aging school buildings have prompted an alternative construction finance method. Through a unique alternative delivery model PGCPS pays a developer to design, build, and maintain six schools over a 30-year services period. Prince George's County Public Schools is the first in the United States to accelerate the delivery of a group of modernized public K-12 school buildings through this partnership approach.

QUICK FACTS

- ✓ 8,000 seats: Five new middle schools and one K-8 school
- ✓ Approximately \$174 million in expected savings in deferred maintenance and construction costs
- ✓ Building new schools faster — cuts the delivery time in half; lower construction costs, preventative maintenance
- ✓ Unwaivering allocation of 30% of total budget to local MBEs and CBBs is an economic stimulus for Prince George's County communities

HOW IT WORKS

Selected development team, Prince George's County Education & Community Partners PGCEP (Fengate, Gilbane, Stantec, and Honeywell) will receive payments, over 30 years, to design and build six schools to Prince George's County Public Schools' specifications as well as assume maintenance of the buildings throughout the contract period.



INDUSTRY EXPERTS

Gilbane, Stantec, and Honeywell are recognized, respectively, as the nation's top K-12 builders, designers, and maintenance service industry leaders.

DESIGN-BUILD-FINANCE-MAINTAIN MODEL



PROPOSAL SPECIFICS

PHASE 1 SCHOOLS

Walker Mill MS	Hyattsville MS
Drew-Freeman MS	Adelphi MS
Kenmoor MS	New Southern K-8

FINANCIAL STRUCTURE

Initial Availability Payment \$29.8M
Services Period Term 30 YRS
Total Cost \$1.24B

SCHEDULE

Project Readiness July 2023
Operations End June 2053

ECONOMIC STIMULUS FOR PRINCE GEORGE'S COUNTY

30% of total contract value to MBEs (minority-owned business) and CBBs (community-based businesses)
3,000+ new jobs; 2% local GDP increase; at least \$135 million required procurements from MBEs and CBBs during the first 3 years of the partnership

FUNDING

Prince George's County	+	Prince George's County Public Schools
Annual contributions for 30 years		Annual contributions for 30 years



CONTROL & OVERSIGHT

PGCPS retains sole decision-making authority over the operation and use of the ACF Phase 1 Schools.

PGCPS retains ownership of the ACF Phase 1 Schools and actively monitors PGCEP with support from a tripartite (County Executive, County Council, PGCPS) governance body.

COST & TIME COMPARISON ACF vs Traditional

	ACF Design-Build-Finance-Maintain	Traditional Design-Bid-Build
	SIX SCHOOLS:	SIX SCHOOLS:
Design and construction costs	\$485.8M	\$868.8M
Deferred maintenance costs	\$0	\$235.9M
PGCPS design-build payment obligations	\$930.8M	\$1.1B
Year of completion	2023	2036

Assuming the total costs to build the six Phase I schools are \$485.8M under a traditional DBB (Design-Bid-Build) delivery method today, construction costs would increase by approx. \$389M*, bringing the total cost to \$868.8M. This is due to cost escalation that would occur over the 16 years it would take to build the schools versus the ACF 4-year time frame. *Assumed to escalate at 5% per year.

A nominal capital cost of \$235.9M would need to be spent on deferred maintenance of Phase I schools while waiting for the start of construction.

Payment obligations include all payments made to PGCECP, including progress payment, milestone payment and financing costs.

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A NEW APPROACH TO ASSET MANAGEMENT

During the Services Period, PGCPS will conduct **rigorous monitoring**, participate in **joint technical reviews**, and will **assess deductions** to ensure PGCECP compliance during the Services Period.

PGCPS BUILDING SERVICES STAFF KEEP THEIR JOBS PGCPS has certain itemized retained responsibilities, like general building and grounds maintenance, during the **Services Period** that will be maintained by current PGCPS employees.

Prior to the end of the partnership and hand-back to PGCPS, **each school will undergo a complete system refresh** (i.e. roof, HVAC, windows, etc.). Therefore, at hand-back, PGCPS will receive **6 schools buildings in good condition with at least 30 more years** of useful life, with major mechanical systems having at least 15 years of useful life.

“By taking this non-traditional route, Prince George’s County Public Schools is showing that students should not be forced to wait longer than necessary for high-quality learning environments.” - Dr. Monica Goldson, CEO