

# Joint Facilities Advisory Commission (JFAC)

Monthly Meeting: April 28, 2021

7:00-9:00 PM

# Chair's Update

7:00-7:10 PM

Welcome

## Items of General Interest

- May meeting will be held jointly with the Advisory Committee for School Facilities and Capital Programs (FAC) to discuss feedback on and recommendations regarding the CIP.
- Invited to the Sports Commission meeting on April 22<sup>nd</sup> and discussed areas of common interest between our two commissions: joint use fields or courts with multi-sport striping (MACs); possible location of a temporary “sports bubble” for winter play; increase of field space at Carlin Springs or Buck site; marking/inventory of publicly accessible private park space.
- Continue to partner with other County and APS Commissions/Committees.

Appointment of New Committee Members

Regular  
Business

7:10-7:30 PM

## Liaison Updates

- Clarendon Sector Plan, Susan Cunningham
- APS Site Studies, Stacy Snyder
- Planning Commission, Nia Bagley

New Business

Committee on  
Integrating Schools  
in Land Use Studies

7:30-8:10 PM

Chair: Stacy Snyder

Question: How do other jurisdictions integrate school facilities needs in land use studies, such as sector plans, which often increase permitted residential densities?

# Summary of March 24 Meeting and Additional Discussion

Discussion: What changes would need to occur for ACG/APS to include schools in sector plans?

1. In the March meeting a County needs assessment was brought up by several members.
  - a. It was suggested that ACG consider specific area or a needs assessment of a specific area (i.e., libraries) instead of (or prior to) a comprehensive needs assessment
  - b. What would be the advantage of doing this county needs assessment in regard to increased permitted residential densities?
  - c. How would we recommend that APS and ACG needs assessments be aligned?
    - i. APS has the AFSAP. Should the County also create and “AFSAP-type” plan?
    - ii. Should there just be one combined needs assessment or can they be separate but speaking the same language?
  - d. Can we find examples of joint needs assessments from other jurisdictions? Or separate school and county needs assessments that work concurrently?





**Public Comment**

**5 minutes**

**Related to this  
committee's work  
and discussion**

Committee on  
Incorporating  
Schools in Public-  
Private Partnerships

8:10-8:50 PM

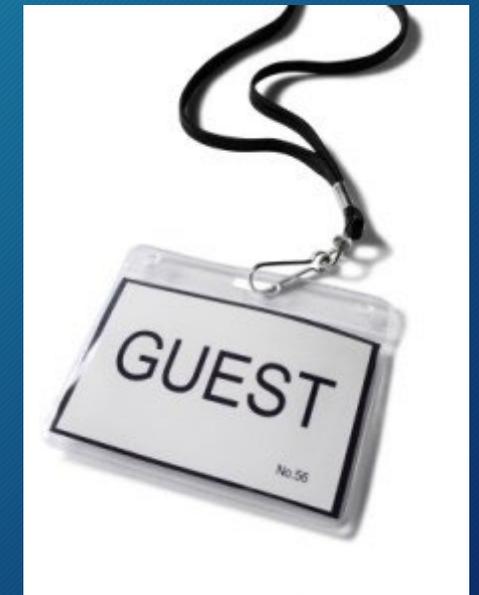
Chair: Kathleen McSweeney

Question: How do other  
Virginia jurisdictions  
incorporate schools in  
public/private partnership  
agreements?

# Summary of Information from March 24th Mtg

## Guest Speaker: Alex Seleznyov.

- Alex is a member of the APS Advisory Council on School Facilities and Capital Programs (FAC). He works for KPMG's Infrastructure Practice working with VDOT on their P3 (public-private partnerships) projects. He provided an overview of P3 and its use in Virginia and the region.
- PPTA (the transportation portion of the Act) has been used more extensively in Virginia than has PPEA (the education portion of the Act). Examples of successful P3s in transportation are the managed lanes on the Beltway.
- In education, PPEA has not been heavily used in Virginia. The use case is for jurisdictions looking to address lack of funding or lack of capacity to implement and deliver projects.
- Over the past decade P3 has been used for Design-Build contracts for schools.



# Summary of Information (continued)

- **Examples of P3 in Virginia:**

- The Fall Church High School was a Design-Build contract.
- In Norfolk, PPEA was used to bundle together the construction and delivery of five elementary schools.
- George Mason University has been applying P3 principles to build their Innovation Campus.
- Alexandria, VA has been exploring alternative delivery mechanisms to deliver on their schools plan. They are looking at procurement and using P3 approaches beyond Design-Build to include design, construction, financing, operations, and maintenance of schools and facilities.
- In March, Alexandria hired an Assistant City Manager for P3. Julian Gonsalves will lead the development and delivery of the City's P3 initiatives, primarily through capital project planning and financing. [https://www.alexandriava.gov/news\\_display.aspx?id=120906](https://www.alexandriava.gov/news_display.aspx?id=120906).

# Summary of Information (continued)

- Regional Example: Prince George’s County has just selected a preferred bidder on the first comprehensive P3 contract in the Country. Their contract covers all aspects of construction, delivery, maintenance, and operations for six schools for a 35-year term. \*
- Benefits:
  - Risk transferred to designer and builder rather than the County.
  - PG County also transfers that risk, but they are also having the P3 partner to finance and maintain the assets over the long-term. It is a warranty the County is purchasing for a long-term. The benefits would be the entity brings in innovation upfront in the build, to make sure that the asset is designed and built to maximize energy efficiency and other operational efficiencies.
  - The bid package for a P3 partner can include the site plan conditions and other requirements that meet the County’s comprehensive plan and other master plan goals.
  - Incorporate “hand-back” requirements so that when the schools are returned to the public sector, ensure specific conditions are in place before the assets are returned.

## \*Links to Articles

- [Despite Concerns, Prince George's Moves Ahead With Plan To Build Public Schools With Public-Private Partnership | WAMU](#)
- [K-12 School District First In U.S. To Use P3 Concession Agreement \(facilityexecutive.com\)](#)
- [Prince George’s School Construction P3 Plan Draws Backlash Before Board Vote – Maryland Matters](#)

# Discussion: Scope of Question

Do committee members believe that we are being asked only about P3 agreements using PPEA, or is the question more expansive to include other, less structured partnerships we can discuss or recommend?

- It sounds like “all of the above.”
- Comments from committee members:
  - The scope could include an owned office building in a part of Arlington, like Crystal City, that offers a long-term lease to APS and pays or credits rent payments for renovation of a part of that building to accommodate student seats. This would not be a P3 partnership.
  - There is a large amount of empty commercial space and we may see more of a downsizing after the pandemic has ended. We don't yet know, but this could mean space will become available in commercial buildings and could present an opportunity for flexible leased space for APS programs.
  - Rental or leasing of properties provide a long-term benefit for an existing property with spreads the risk and avoids APS having a large, upfront capital expenditure.
  - In terms of partnerships that don't fall under P3, can we expand the outsourcing that is done by APS?

# Discussion: Bonding Rating and P3

What are the advantages to a AAA/aaa bond rated County like Arlington?

- P3 is not a financing mechanism. The reason to do this is to transfer risks to a partner that is positioned to manage those risks. Lowering the contingencies and overall cost of a project in terms of construction, operations, and maintenance over the life of the asset.
- Possible advantages in a well-structured P3 contract:
  - Single point of contact;
  - No separate competition for design, construction, operations, and maintenance of the asset;
  - One procurement process saves time, effort, and money for APS or the County;
  - Innovation for operations, including energy efficiencies.
  - Ensures every technical requirement is met;
  - Payment is driven by the outputs, compliance and performance;
  - Pre-qualify three to four entities who then compete for each project;
  - Incentivizes continuing value over the long-term.



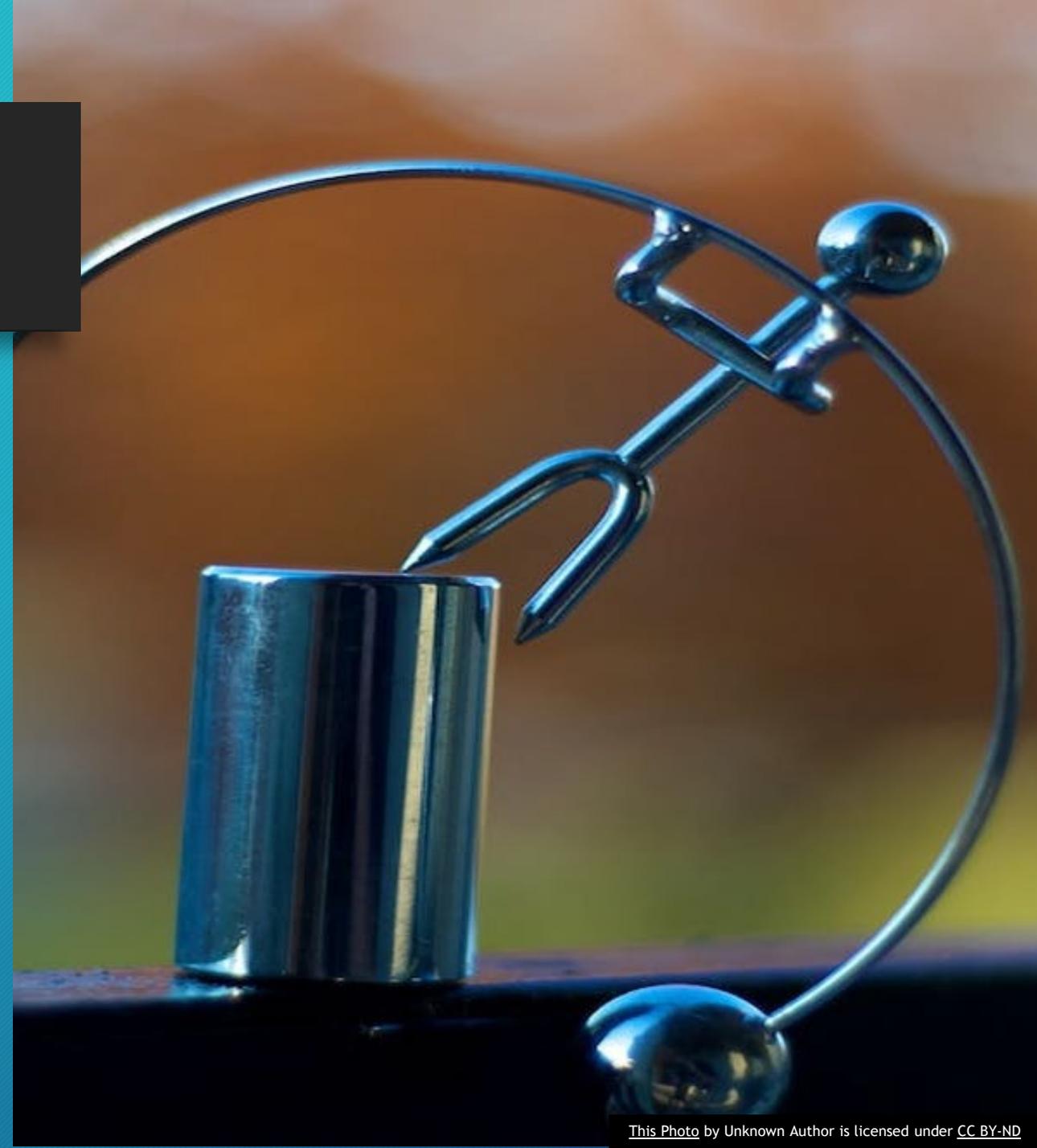
# Discussion: Application of P3 in Arlington

- What are the opportunities for innovation with the Career Center under a Public-Private partnership for creating those seats?
- Can P3 be done for items that fall under Operating Costs in the budget? Over 80% is for salaries, but could we think about P3 options to help alleviate pressures on the Operating Budget along with capital projects, including school additions rather than entirely new construction?
- Entering into performance based, energy savings contracts using the current costs as a baseline. Depending on the solution, they could pay for themselves over the long-term. APS would still pay the same amount, but realize significant upgrades and energy savings in return?
- There are bounds to the concept of public-private partnerships where the developers are taking a risk and hoping that the risk will pay off over the length of the contract. Seems like a derivatives type of contract which converts a payment stream in the long-term, so thinking that operations-type activities would not apply to P3 agreements.

# Discussion: Disadvantages or Limitations of P3?

## Possible disadvantages:

- What about community engagement in how these buildings look and function over time? Arlingtonians expect a certain level of engagement. Limiting public input manages costs.
- The Arlington Way has often resulted in improved projects when public input is sought.
- Arlington values placemaking - how would we achieve a balance between placemaking and cost under P3?



# Discussion: Non-P3 Partnership Opportunities

## Leasing instead of Construction

- What is the impact on the APS operating budget of leased spaces?
- How does that compare long-term for debt service payments?
- Both are looked at as long-term obligations by rating agencies, they aren't necessarily looking at the type, but rather interested in understanding how capital needs and deferred maintenance are being handled by the County or Government entity. [GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements](#)
- Where are likely opportunities?

## Expand Outsourcing Opportunities

- APS is outsourcing some of the specialty staffing - speech and occupational therapists who work with students are contracted through companies.
- Could APS outsource facilities management, energy and HVAC maintenance, kitchen or food preparation?
- Could APS and the County together outsource the operations and maintenance of community centers, courts, and field reservations?

# General Discussion and Next Steps

- Areas for additional research
  - Issues for Arlington in using P3?
  - New Assistant Superintendent for Facilities, Marcus Gregory, from Washington State begins May 1<sup>st</sup>.
- Additional Speakers
- Report Outline



Public Comment

5 minutes

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