

Ad Hoc Joint City-Schools Facility Investment Task Force
Alternative Project Delivery Methods
Subcommittee Meeting 1

September 1, 2017

Alternative Project Delivery Methods Subcommittee

- Mignon Anthony, Chair
- Dwight Dunton
- Dave Millard

Subcommittee Objectives:

- Review, evaluate and recommend alternative delivery methods relative to the City of Alexandria and Alexandria City Public Schools facility projects
- Consider co-location and civic engagement principles as applicable to this subcommittee topic

Agenda

1. Overview of Alternative Delivery Methods
2. Virginia Statutory Environment
3. Case Studies
4. Assets



Beth Penfield, ALEP
Senior Project Manager

*Background in
K-12 Planning*



Stacy Kaplowitz
Senior Project Manager

*Background in
Real Estate Development*



Cassia Sookhoo
Project Manager

*Background in
Real Estate Advisory*



Kayla Anthony, AICP
Assistant Project Manager

*Background in
K-12 Planning*

P3 Overview

Public Private Partnership “P3”

➤ Defined as a contractual agreement between a public agency and private sector entity. Through this agreement, the skills and assets of each sector (public and private) are **shared in delivering a service or facility** for the use of the general public. In addition to the sharing of resources, **each party shares in the risks and rewards** potential in the delivery of service and/or facility.

7 Keys to Success

- 1. Public Sector Champion
- 2. Statutory Environment
- 3. Public Sector’s Organized Structure
- 4. Detailed Contract / Business Plan
- 5. Clearly Defined Revenue Stream
- 6. Stakeholder Support
- 7. Pick Your Partner Carefully - Procurement

Partnerships consist of a distribution of risks and responsibilities across five key areas.



Distribution of risk and responsibility is context-specific and carries a cost.

Design & construction		Site risk	— Availability of site (land acquisition/rights-of-way), quality of site (geological conditions, existing asset condition), zoning permits
		Design risk	— Inadequate planning, substandard design vs user requirements, lack of system integration, delayed construction permits, delay in PPP approval
		Construction risk	— Time delays, completion risk, cost overruns, quality issues, sub-contractor underperformance, untried and complex technologies, design change requests
		Environmental and social risk	— Delayed environmental permits, environmental constraints for construction and operation, stakeholder opposition, costs of social and environmental mitigation
Operations		Commercial risk	— Lower demand than forecast, higher price elasticity, network interface risk, revenue collection risk
		Operating cost risk	— Higher operating costs, maintenance costs, labour costs and commodity prices
		Performance risk	— Operational inefficiency, system underperformance, reduced asset availability and capacity, service interruptions, innovation risk
		Financing risk	— Refinancing availability, borrowing rate risk, counter-party and government sponsor risk
Political & macro		Macroeconomic risk	— Changes to economic growth, population, demographics, industrial development, interest rates, exchange rates, inflation
		Regulatory risk	— Changes in regulated prices, competition, sector framework, taxation
		Political risk	— Breach of contract, expropriation, currency inconvertibility, no profit repatriation
		Force majeure	— Natural or man-made events, e.g. earthquake, flood, hurricane, civil war, riot, crime, strike

Note: This list of risks is for reference and is not necessarily exhaustive. While it covers the typical and major risks, many risks are specific to the project circumstances.

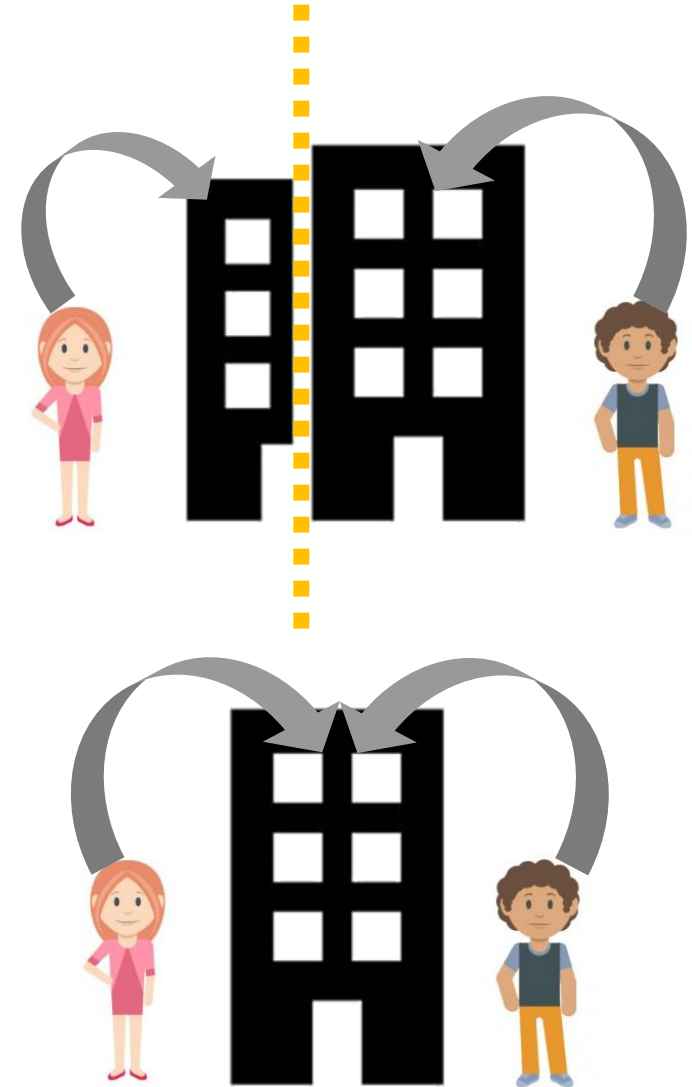
Colocation & Joint Use Overview

Colocation

- Colocation (or co-location) often means different things to different entities
- General understanding that colocation is when two or more entities of public interest share some significant aspect of a physical space on a regular basis
- Multiple entities located on or within a defined space

Joint Use

- Similar to colocation but more narrowly defined as the **sharing of space**. Joint use refers to two or more entities sharing specialty spaces like multi-purpose rooms, common entries, food service facilities, administrative space, open / play areas, and parking
- Multiple entities utilizing the same space



Virginia Statutory Environment

➤ Virginia Public Procurement Act

➤ The Alexandria City Charter

➤ Sec. 5.12 Division of purchases

➤ Sec. 5.13 Competitive bidding

➤ The Alexandria City Code

➤ Public-Private Education Facilities and Infrastructure Act of 2002

Amended 2008 (“PPEA”)

**Public-Private Education Facilities and
Infrastructure Act of 2002, as Amended**

Commonwealth of Virginia
Guidelines and Procedures

UNOFFICIAL COPY – VIRGINIA PUBLIC PROCUREMENT ACT

Title 2.2
Administration of Government
—
Subtitle II
Administration of State Government
—
Part B
Transaction of Public Business
—
CHAPTER 43
Virginia Public Procurement Act

Article I
General Provisions

§ 2.2-4300. Short title; purpose; declaration of intent.

A. This chapter may be cited as the Virginia Public Procurement Act.

B. The purpose of this chapter is to enunciate the public policies pertaining to governmental procurement from nongovernmental sources, to include governmental procurement that may or may not result in monetary consideration for either party. This chapter shall apply whether the consideration is monetary or nonmonetary and regardless of whether the public body, the contractor, or some third party is providing the consideration.

C. To the end that public bodies in the Commonwealth obtain high quality goods and services at reasonable cost, that all procurement procedures be conducted in a fair and impartial manner with avoidance of any impropriety or appearance of impropriety, that all qualified vendors have access to public business and that no offeror be arbitrarily or capriciously excluded, it is the intent of the General Assembly that competition be sought to the maximum feasible degree, that procurement procedures involve openness and administrative efficiency, that individual public bodies enjoy broad flexibility in fashioning details of such competition, that the rules governing contract awards be made clear in advance of the competition, that specifications reflect the procurement needs of the purchasing body rather than being drawn to favor a particular vendor, and that the purchaser and vendor freely exchange information concerning what is sought to be procured and what is offered. Public bodies may consider best value concepts when procuring goods and nonprofessional services, but not construction or professional services. The criteria, factors, and basis for consideration of best value and the process for the consideration of best value shall be as stated in the procurement solicitation.

§ 2.2-4301. Definitions.

As used in this chapter:

“*Affiliate*” means an individual or business that controls, is controlled by, or is under common control with another individual or business. A person controls an entity if the person owns, directly or indirectly, more than 10 percent of the voting securities of the entity. For the purposes of this definition “voting security” means a security that (i) confers upon the holder the right to vote for the election of members of the board of directors or similar governing body of the business or (ii) is convertible into, or entitles the holder to receive,

Case Study: Potomac Yard (P3 – Mixed Use)

- **Third Party Partners:** Potomac Yard Development (PulteGroup, Centex), Alexandria Housing Development Corporation (AHDC)
- **Public Partners:** City of Alexandria
- **Asset Type:** Affordable/workforce housing atop public fire station and commercial retail
- **Cost:** \$31M (2009)
- **Delivery Structure:** City spent \$1M; PYD donated \$12.6M in land; \$10.4M low income housing tax credits; \$7.1M below-market permanent loans from VHDA.



Case Study: South County Secondary School (Colocation)

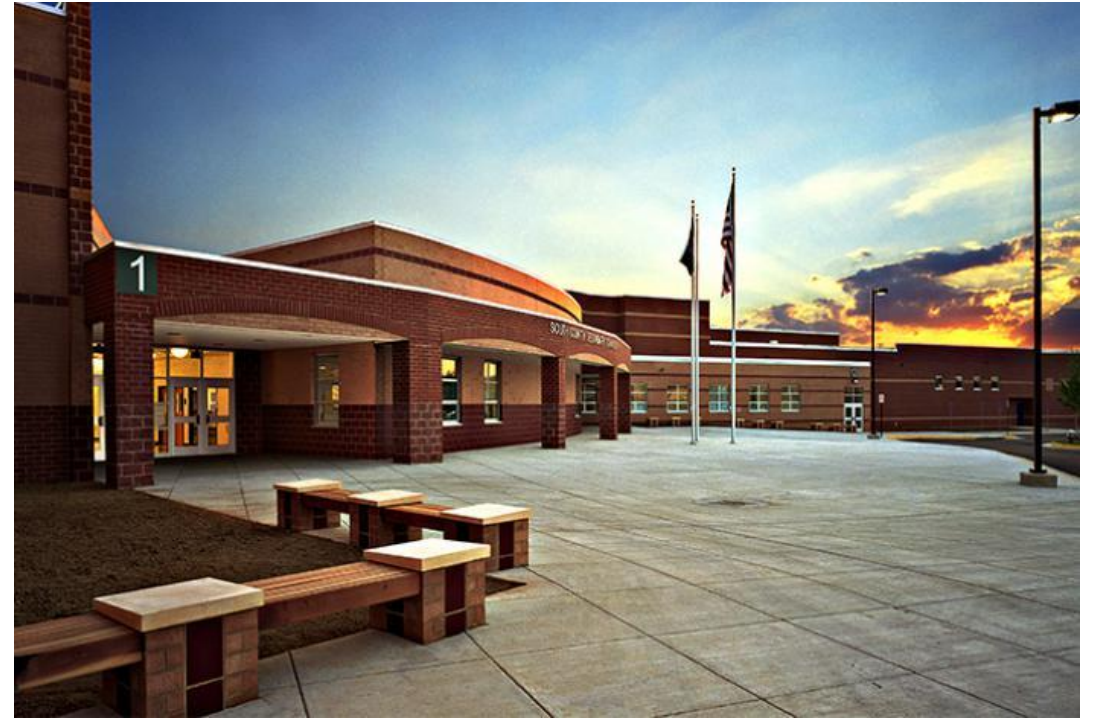
➤ **Third Party Partners:** Clark Ventures,
Edgemore Infrastructure and Real Estate

➤ **Public Partners:** Fairfax County Public
Schools

➤ **Asset Type:** Middle/High School

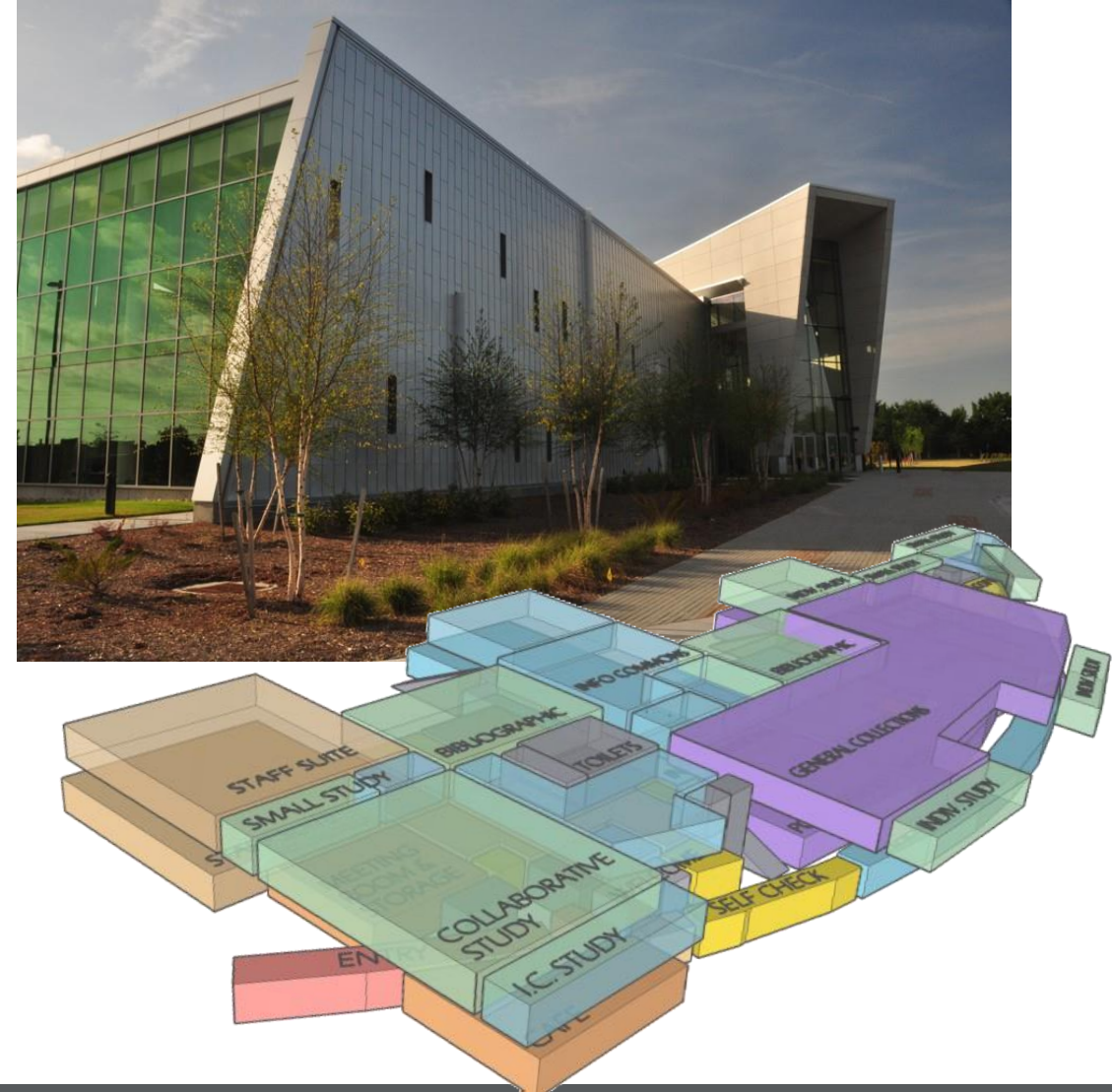
➤ **Cost:** \$56M construction cost (2005)

➤ **Delivery Structure:** Funding included tax-exempt lease revenue bonds rather than traditional GO Bonds; Used land sale proceeds from contiguous county-owned property to offset project development costs. Rezoning of property expedited and sold to a senior housing developer.

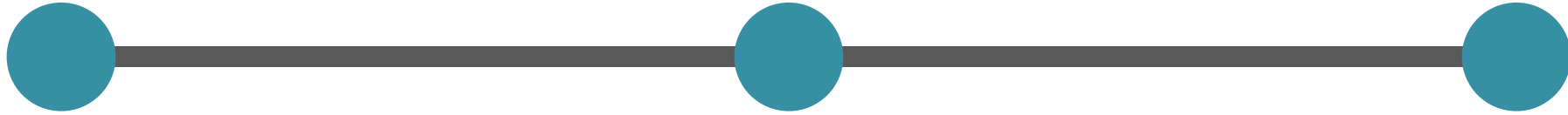


Case Study: Joint Use Library “JUL”

- **Public Partners:** Virginia Beach & Tidewater Community College
- **Asset Type:** Library
- **Cost:** \$53M construction - \$42M from VA and \$11M from City of VAB
- **Joint Use Project** – combined collections, services, programs, and resources of an academic library and a public library in one destination
- Created a new model – each library maintains their own integrated library system while staff, patrons, and students experience it as one
- Discussions began in 2005, community input in 2006. Opened in 2013.



Alternative Delivery Methods



100% Publicly Owned

Municipality owns & operates asset. All financial benefit goes back to municipality.

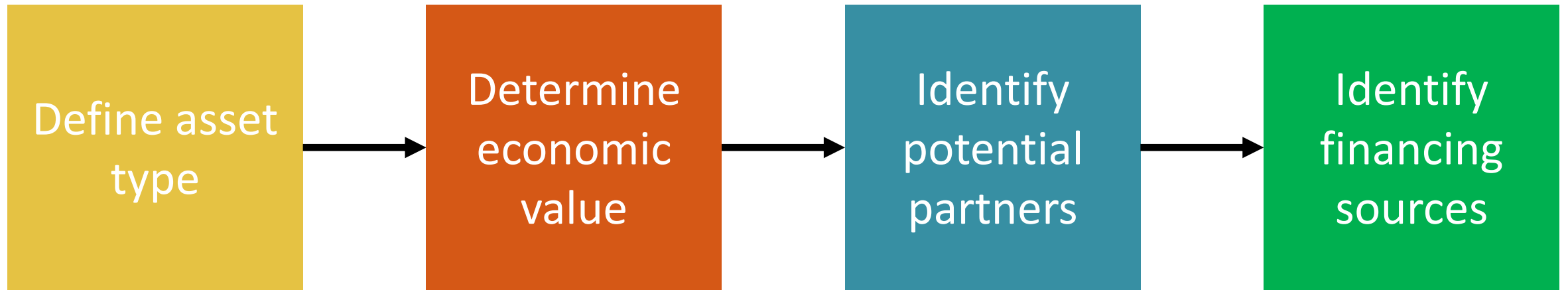
Hybrid Partnership

Municipality and private partner(s) share in ownership and/or operation of asset. Shared financial benefit.

100% Privately Owned

Private partner(s) own and operate asset. Municipality 'pays' owner/operator for use of the asset. Financial benefit to partner.

Alternative Delivery Methods



City Project	Opportunity	ACPS Project	Opportunity
City Hall Renovation and HVAC Replacement		New Pre-K Center	
Market Square Plaza and Garage Structural Repairs		Swing Space	
Fleet Building CFMP		Douglas MacArthur	
Gadsby's Tavern Renovation		George Mason	
Health Department CFMP		Cora Kelly	
Fire Station 205 (Cameron Street)		New School	
Fire Station 206 (Seminary Rd)		Matthew Maury	
Fire Station 207 (Duke Street)		New Middle School	
New Burn Building		High School Capacity	
Old Town Pool Renovations		Capacity Relocatables	
Chinquapin Aquatics Center (50 Meter Pool)		Gym Addition to New West End Elementary	
Salt Storage Facility		Transportation Facility	
Witter/Wheeler - City Vehicle Washing Facility		Mount Vernon	
Witter/Wheeler - Reconfiguration of 3200 Colvin St.		William Ramsay	
Witter/Wheeler - Impound Lot Capacity Expansion		Lyles-Crouch	
Indoor Firing Range		Francis C. Hammond	

Considerations

- **Mission**
- **Physical requirements**
- **Costs**
- **Planning process & implementation**
- **Risks and life-cycle implications**
- **Stakeholders**
- **CoA / ACPS as partners**

Wrap Up & Next Steps

- Questions
- Future subcommittee meetings