

## **CONSTRUCTION OF PUBLIC SCHOOLS**

### **Option I**

#### Traditional Procurement

1. Acquire Site
2. Hire architect:  
Using procurement rules of competitive negotiation (RFP)
3. Hire contractor under state procurement rules;  
Award based on lowest bid from a responsible bidder
4. Finance by tax exempt bonds through:
  - a. competitive sale of bonds; or
  - b. negotiated placement sale of bonds; or
  - c. use of State PRA

Option I is generally considered most orderly approach for locality with favorable bond rating and high credit worthiness. (P.G. = AA+) Can be considered too slow and inflexible.

### **Option II**

#### “Design Build”

1. Acquire Site
2. Single firm designs and builds project. Board of Supervisors adopts procedures for utilizing construction management/design build contract (§2.2-4382 of the Code of Virginia).
3. Hire an architect or engineer to advise County on how to best use construction management/design build.
4. Board of Supervisors must determine that sealed bids for construction is not practicable or fiscally advantageous to County prior to using design build.
5. Choice of construction management/design build firm must use a two-step competitive negotiation.

Option II is frequently seen as faster than traditional bid process and has more flexibility in choosing d/b firm; some argue that hiring of single firm for architect and construction services saves money. Can be a recipe for excessive and expensive change orders as project moves in phases. For less credit-worthy localities, design build firm can sometimes obtain private financing from large investment groups or banks. Agreement may be entered into by School Board or Board of Supervisors.

### **Option III**

#### **“Public Private Education Infrastructure Act” (PPEA)**

1. Acquire site
2. PPEA allows individual firms or companies to submit a proposal to design and construct and sometimes, finance a school. Proposals are either solicited or unsolicited by local government.
3. Before considering any submittal, locality/school board must adopt some version of Model Guidelines for PPEA. County must also hire independent professional to analyze costs and advantages and disadvantages of any proposal.
4. PPEA selection of firm must be consistent with competitive sealed bidding process or competitive negotiation.
5. Locality enters into “comprehensive agreement” with offeror setting out all obligations of the chosen firm.

With Option III, financing may be from traditional sources or arranged by chosen firm. Financing may include a mortgage or lien on property. True total costs can be difficult to determine. Costs are not as transparent as in other methods of construction project.

Any of the methods can also be financed by tax-exempt “lease-purchase” financing although not commonly used for schools or when locality is creditworthy or when there is no requirement for referendum to authorize debt such as in Prince George.