Types of Public-Private Models

- **Land Swap:** A strategy where the school district exchanges valuable underutilized land with a private developer in return for a new school facility built on a different site or a portion of the same site. This minimizes upfront capital expenditure.
- **Mixed Use:** Integrating school facilities into larger commercial or residential developments.
  - *Example:* A school built on the ground floor of an affordable housing building or office tower (similar to the new Arlington Community High School at Amazon HQ2).
- **Sale-Leaseback:** The public entity sells a property to a private investor and immediately leases it back. This frees up immediate capital for other projects while retaining use of the facility.
- **Identify Ideal Use of Properties:** Conducting a "highest and best use" analysis on district-owned real estate to determine which properties are prime candidates for P3s (e.g., older schools on high-value land).

Introduction to Public Private Partnerships

- Presented to the APS Advisory Council on Facilities and Capital Programs
- 1.12.2026, Tony Weaver presenter

Tier 1: High Impact (Millions of Dollars)

*These strategies involve major capital projects. The "benefit" here is primarily **capital cost avoidance**—getting a $50M+ asset without fronting the cash—or massive long-term operational savings.*

- **Mixed-Use Development (Land Leasing):**
  - **Why it's #1:** In high-value real estate markets, leasing land to developers for 99 years can generate tens of millions in upfront payments or significant annual ground rent revenue, effectively subsidizing the entire cost of a new school.
  - **Financial Potential: Very High** (Capital & Revenue)
- **Design-Build-Finance-Maintain (DBFM):**
  - **Why it's #2:** While you still pay for the building eventually (via availability payments), this transfers the massive financial risk of construction overruns and deferred maintenance to the private sector. It solves the "deferred maintenance crisis" that costs districts millions in emergency repairs.
  - **Financial Potential: High** (Risk Transfer & Capital Avoidance)
- **Energy Performance Contracting (EPC):**
  - **Why it's #3:** Utility costs are often a district's second-largest expense after salaries. An EPC can fund $10M–$20M in infrastructure upgrades (boilers, windows, LED lighting) strictly through the energy savings, which are guaranteed by the partner.
- **Financial Potential: High** (Operational Savings)

Tier 2: Medium Impact (Hundreds of Thousands to Low Millions)

These strategies usually provide significant operational relief or valuable in-kind contributions that the district would otherwise have to pay for.

- **Joint-Use Facilities:**
  - **Why it's #4:** Sharing the cost of a gym, pool, or auditorium with a municipality or YMCA splits the construction and operational bill. It turns a liability (an empty gym at night) into a shared asset.
  - **Financial Potential: Medium-High** (Cost Sharing)
- **Solar/Renewable Power Purchase Agreements (PPA):**
  - **Why it's #5:** This locks in electricity rates below market value for 20-25 years. While it doesn't generate cash, it stabilizes the budget and avoids future utility rate hikes.
  - **Financial Potential: Medium** (Cost Stabilization)
- **Naming Rights:**
  - **Why it's #6:** For a large high school football stadium or auditorium in a competitive market, naming rights can yield substantial sums ($500k - $2M over 10 years). However, this is highly dependent on the visibility of the specific school's athletics program.
  - **Financial Potential: Medium** (Revenue)
- **Career & Technical Education (CTE) Pipelines / Corporate Mentorship:**
  - **Why it's #7:** The benefit here is "in-kind." Industry partners donating advanced machinery (CNC machines, robotics arms) saves the district from buying them. The long-term economic benefit to the community is high, but the direct cash to the school is lower.
- **Financial Potential: Medium** (In-Kind Equipment & Staff Time)

Tier 3: Low Impact (Thousands to Tens of Thousands)

These are useful for discretionary funds or specific line items but will not balance a district-wide budget deficit.

- **Cell Tower Leasing:**
  - **Why it's #8:** This is "found money." A typical lease might bring in $1,500 - $4,000 per month per tower. It is steady, reliable, and requires almost no effort from the school, but it won't build a new classroom.
  - **Financial Potential: Low-Medium** (Steady Revenue)
- **Food Service / Transportation Outsourcing:**
  - **Why it's #9:** While often touted as a cost-saver, the margins are tight. The financial benefit usually comes from **predictability** of costs rather than massive windfalls. Sometimes private providers promise savings that erode over contract renewals.
  - **Financial Potential: Low** (Efficiency/Predictability)
- **Advertising Assets (Buses/Scoreboards):**
  - **Why it's #10:** The market for local school advertising is limited. It generates "booster club" level money—enough for new jerseys or a scoreboard upgrade—but rarely significant operating funds.
- **Financial Potential: Low** (Supplemental Revenue)

Summary Table: Financial Impact vs. Complexity

Strategy	Financial Potential	Complexity to Execute	Primary Benefit Type
Mixed-Use Development	💰💰💰💰💰	High	Revenue / Capital
DBFM (Infrastructure)	💰💰💰💰	Very High	Risk Transfer
Energy Contracting	💰💰💰	Medium	Cost Savings
Joint-Use Facilities	💰💰💰	High	Cost Sharing
Naming Rights	💰💰	Low	Revenue
Advertising / Leasing	💰	Low	Revenue

Regional School Districts: Summary of Strategies

District	DBFM Status	Key Project
Prince George's County (MD)	**Active / Executed**	**Blueprint Schools (14 schools total)**
Fairfax County (VA)	Studied / Concept	P34FCPS (Concept Paper)
DC Public Schools	Inactive	Schools built by DGS via Capital Budget
Montgomery County (MD)	Proposed (HQ only)	Carver Center Redevelopment
Stafford County (VA)	Limited (Systems only)	Energy Performance Contracts

Thank You

Regional Case Studies

- **1. Prince George's County Public Schools (Maryland)**
- Status: Successfully Implemented (Active)
- PGCPS is the regional and national leader in this model. They became the first public school system in the United States to use a P3 model to bundle the construction and maintenance of multiple schools.
- **Project Name: Blueprint Schools**
- **The Partnership:** PGCPS partnered with a private consortium (Prince George's County Education & Community Partners) to design, build, finance, and maintain the schools for a 30-year period.
- **Phase 1 (Completed 2023):** Delivered six new schools in just 2.5 years (compared to the typical 6+ years).
  - *Schools involved:* Colin L. Powell Academy, Hyattsville Middle School, Kenmoor Middle School, Walker Mill Middle School, Drew-Freeman Middle School, and Sonia Sotomayor Middle School.
- **Phase 2 (Underway):** In 2024, PGCPS closed the deal on a second phase to deliver eight additional schools.
- **Key Benefit:** The private partner is responsible for deferred maintenance for 30 years, preventing the buildings from falling into disrepair—a chronic issue for the district previously.

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2. Fairfax County Public Schools (Virginia)

Status: Exploring / Concept Stage

Fairfax County has extensively studied the DBFM model but has not yet executed a bundled school construction deal similar to PGCPS.

- **Initiative: "P34FCPS" (Concept)**
  - The county produced a concept document titled *Public-Private Partnerships for Fairfax County Public Schools (P34FCPS)* to evaluate the feasibility of using private capital to clear their renovation backlog.
- **Current Reality:** Most new school construction is still funded through the traditional Capital Improvement Program (CIP) and General Obligation bonds.
- **Other P3s:** The county *does* use P3s for other infrastructure, such as the **Wiehle-Reston East Metro Station** garage and mixed-use developments (e.g., the **"One University"** redevelopment), but these are generally distinct from the core K-12 school building program.

3. District of Columbia Public Schools (DC)

Status: Traditional Funding (Managed by DGS)
While Washington, D.C. has a dedicated Office of Public-Private Partnerships (OP3), DC Public Schools (DCPS) generally does not use the DBFM model for school buildings.

- **Current Model:** School modernizations are funded by the District's capital budget and managed by the **Department of General Services (DGS).**
- **P3 Involvement:** DC uses P3s heavily for other infrastructure (like streetlights and the Smart City initiative) but has kept school modernization under direct city control to date.
- **Note:** DCPS has many "partnerships" with private entities, but these are typically **programmatic or curriculum-based** (e.g., nonprofit support, after-school programs) rather than infrastructure finance deals.

4. Montgomery County Public Schools (Maryland)

Status: Proposed for Specific Facilities

MCPS largely relies on state and county capital funds, but leadership has recently proposed P3s for non-instructional facilities.

- **Recent Proposal:** In late 2024, the Superintendent proposed using a P3 model to redevelop the **Carver Educational Services Center** (the district headquarters) into a mixed-use site.
- **School Construction:** There is no current DBFM program for building new student classrooms; however, the district is closely watching the PGCPS pilot as they face their own capital budget shortfalls.

5. Stafford County Public Schools (Virginia)

Status: Limited Scope (Energy Contracts)
Stafford County is aggressive in seeking alternative funding but typically uses "P3-lite" models rather than full DBFM school construction.

- **Energy Performance Contracts (EPC):** Stafford has entered into large-scale energy performance contracts (a type of P3) where a private company upgrades lighting, HVAC, and mechanical systems across the district, and the upgrades are paid for by the guaranteed energy savings.
- **New Construction:** New schools generally remain funded through county bonds.

Partnerships at Arlington County Public Schools (APS)

- **Amazon & Wakefield High School:**
  - *Project:* **AWS Think Big Space.**
  - *Details:* Amazon funded and helped design a dedicated educational lab at Wakefield HS. It focuses on cloud computing, robotics, and STEM education, providing students with direct access to Amazon's technology and mentorship.
- **Amazon & Arlington Community High School:**
  - *Project:* **New School Facility at PenPlace (HQ2).**
- *Details:* As part of its HQ2 development community benefits, Amazon is providing a brand-new, permanent home for Arlington Community High School (approx. 20,000 sq. ft.) within its Metropolitan Park development. This is a prime example of a "Mixed Use" P3 where a school sits within a private commercial footprint.

Case studies

1. Turning Savings into Teacher Salaries

One of the most famous examples of energy contracting, this district used the "found money" from efficiency to directly improve staff retention.

- **Batesville School District (Arkansas)**
  - **The Project:** The district faced a budget deficit and losing teachers to higher-paying neighboring districts. They partnered with **Entegrity** to install 1,400 solar panels, upgrade HVAC systems, and replace lighting with LEDs.
- **The Outcome:** The project slashed annual energy consumption by 1.6 million kWh. The district used the savings to give teachers an average **raise of $2,000-$9,000 per year**, transforming them from one of the lowest-paying districts in the county to one of the highest.

2. Funding Massive Solar Initiatives

These districts used Power Purchase Agreements (PPAs) or ESPCs to install large-scale renewable energy without upfront capital.

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- **Tucson Unified School District (Arizona)**
  - **The Project:** One of the largest school solar projects in the U.S., involving solar installations at over 80 school sites.
  - **The Outcome:** The district projected approximately **$43 million in savings over 20 years**. These funds were earmarked to offset budget cuts and retain essential programs.
- **Snowline Joint Unified School District (California)**
  - **The Project:** Partnered with **Schneider Electric** to modernize facilities and install microgrids.
- **The Outcome**: They successfully created **four "Net Zero" campuses** (schools that generate as much energy as they consume), stabilizing their energy costs against California's rising utility rates.

3. Clearing Deferred Maintenance Backlogs

Many districts use contracting to fix "unsexy" but critical infrastructure (boilers, roofs, windows) that they couldn't pass a bond measure to fund.

- **Ogdensburg City School District (New York)**
  - **The Project:** Recently approved an EPC with **Day Automation Systems** to upgrade building envelopes, automation systems, and turf complex lighting.
  - **The Outcome:** The project is self-funded through **$3.5 million in projected savings** over 18 years, allowing them to complete these upgrades with **zero impact** on the local tax levy.
- **Douglas County School District (Nevada)**
  - **The Project:** Facing declining revenue and failing infrastructure, the district used an ESPC to implement $5.1 million in upgrades (HVAC, transformers, lighting).
- **The Outcome:** They secured **$456,000 in guaranteed annual savings**, which allowed them to finance the repairs without asking taxpayers for a new bond.

4. Long-Term Legacy Programs

Some districts have used energy contracting as a multi-decade strategy rather than a one-time fix.

- **Loudoun County Public Schools (Virginia)**
  - **The Project:** A long-term behavioral and operational partnership with **Cenergistic** (formerly Energy Education, Inc.) starting back in the 1990s.
  - **The Outcome:** Over a 20+ year period, the district documented over **$60 million in cost avoidance**. This "people-based" approach focused on how buildings were used (turning things off, optimizing schedules) rather than just buying new hardware.
- **Seattle Public Schools (Washington)**
  - **The Project:** A strategic shift away from gas-fired boilers to **geothermal heat pumps** across the district.
- **The Outcome:** In retrofitted schools, they achieved energy use reductions of **30% to 77%**, drastically lowering their Energy Use Intensity (EUI) and insulating the district from volatile fossil fuel prices.

Companies that do Public-Private Partnerships?

- **Navigant (now Guidehouse):**
- **Other Key Players:**
  - **Gilbane Building Company:** Key developer in the Prince George's County P3 schools project.
  - **Fengate Asset Management:** A leading investment firm specializing in P3 infrastructure.
  - **Plenary Group:** Specializes in the design, build, finance, and maintenance of public infrastructure.
- **Action Items:**
  - Draft a **Letter of Invitation** to these firms to present their capabilities and past successful school models.
- Conduct a **Comprehensive Review** of their portfolios to align with APS needs.

Case Studies in Public-Private Partnerships

- **Prince George's (PG) County "Blueprint Schools":**
  - *Overview:* The first public school system in the U.S. to use a full P3 model to build schools.
  - *Scope:* Delivered **6 new schools** in just **2.5 years** (compared to the typical 6+ years).
- *Model:* Design-Build-Finance-Maintain (DBFM). The private partner (Fengate/Gilbane) finances construction and maintains the building conditions for 30 years, while the county retains ownership and operational control of education.

Identify Opportunities at APS for Public-Private Partnership

- **Feasibility Study for Schools:**
  - Initiate a formal study to determine "Value for Money" (VfM). This compares the cost of traditional procurement vs. a P3 model for upcoming modernization projects (e.g., Career Center, elementary renovations).
- **Barcroft Land Opportunities:**
  - *Context:* The massive **Barcroft Apartments** preservation deal (involving Jair Lynch, Amazon, and Arlington County) covers 60 acres.
  - *Opportunity:* There may be potential to carve out space within this redevelopment for a new school site, pre-K center, or community recreational facility as the site densifies.
- **Matrix of Types of Public-Private:**
  - Create a decision matrix to evaluate projects based on risk transfer, cost, and speed.
- *Columns:* Design-Build (DB), Design-Build-Finance-Maintain (DBFM), Lease-Leaseback, Concession.