

16 January 2024

The Honorable Guy Guzzone
Chair of the Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

Re: Letter of Concern for SB 0114
Workgroup to study the Fiscal and Operational Viability of Public-Private Partnerships for Calvert County Public Schools

Dear Chairman Guzzone and members of the Budget and Taxation Committee:

On behalf of AIA Maryland and the nearly 2,000 Architects we represent, we wish to express our concern with exploring Public Private Partnerships for School Construction in Calvert County Maryland. Understanding the motivation for Public Private Partnerships (P3's) is critical. Generally, the interest for a P3 is to deliver a project, or multiple projects very quickly and to aim to push some of the risk to the development entity. While we recognize that a workgroup is not necessarily a directive to proceed, we wish to express our concerns with this type of school project delivery.

Using the example of the current P3 school projects in Prince Georges County, the funds used for the project do little to benefit the Maryland economy. Fengate Asset Management, that provided the financing for the first phase is based in Canada. The design and construction teams of the lead Construction and design firms are based in Rhode Island and Edmonton Canada respectively. While both the design and construction firms have small, local offices, the scale of a six-school project is not one that can be readily addressed in a branch office of a national and international company. This means that the bulk of Maryland taxpayer dollars that are funding the project costs for design and construction management are largely leaving Maryland. At a \$1.23billion dollar estimated budget, those services are certainly not insignificant.

P-3 projects are very complicated entities, that tend to work best with transportation and very large scale and repetitive projects. Calvert County is 13th in size of MD school districts with a total of 21 public schools, 13 elementary, 6 middle and 4 high schools. It seems highly unlikely that multiple school projects of a nearly identical nature may be a need for Calvert County. Additionally, when repetitive designs are constructed, they may have a considerably different site orientation which can impact energy efficiency and effective classroom daylighting for the life of a project. Most schools in Maryland are retained and operational for well over 50 years and we believe all jurisdictions deserve a project to meet their own specific needs and be well suited to operate effectively for learning.

P3 approach to school construction has been tested in numerous jurisdictions, including the UK, Canada and Australia, but virtually all that have begun P-3 school construction programs, have reverted back to their prior means of building and managing schools, often citing poor management, little to no cost savings and community discontent. Some of the issues cited in Canadian P3 school projects include the following complaints. P3 schools aren't built to last, but to function for the duration of their lease, typically 30 years.

Occupants have less control over their environment, they are only adjustable by the building owner within the terms of the lease. Maintenance teams are 3rd party entities that often have a slower response time than full-time maintenance staff. Developers are paid based on when the buildings are used, so using the gym for a community event or such is a leasing agreement that needs to be worked out by the developer. Typically, developers name their price on buying buildings back after the initial leasing period, so costs may be higher and the planned obsolescence of the original build may raise overall maintenance costs.

The cost of pursuing a P3 project is an enormous risk, for example, one Maryland design firm considered pursuing the first phase design contract for the Prince Georges County P-3 projects in partnership with the leading construction firm, and they opted not to, recognizing that nearly 1 million dollars of up-front design work was required for the submission package and that design work was fully at risk. The cost of pursuing P-3 projects often leads to out-of-state entities being contracted for services as it has been done. Whether it be counsel, design, engineering or construction, P-3 entities are complex, and they require significant commitment to up-front costs to pursue. The small local offices of the selected design and construction firms result in a small volume of work associated with those projects to go into the local economy, with the bulk occurring in larger corporate offices. We hope that you too believe it is important for publicly funded projects in Maryland to aim to provide opportunities for Maryland based businesses.

We appreciate your focus on efficient use of tax dollars for the design and construction of schools. We believe the talent and skills to design, construct and operate those school projects to meet the specific needs of the communities can be best met locally. We hope you will consider our input as you consider this legislation and think as to which path will build stronger communities in our home state of Maryland.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. R.' followed by a long horizontal line extending to the right.

Chris Parts, AIA
Director, Past President, AIA Maryland

cc:
Budget and Tax Committee