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# Schools PPP in Frankfurt

## - case study -

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# Scope of the project

<b>Project</b>	New build, refurbishment, operation, maintenance, financing of three schools and an educational and cultural centre
<b>Project size</b>	5,250 pupils, 445 teachers and staff, 4 locations
<b>Procuring authority</b>	City of Frankfurt (Main)
<b>Contract period</b>	22 years (2 years construction phase – 2007-2009; 20 years operational phase – 2009-2029)
<b>Project volume (cumulative)</b>	~ €248 million
<b>Investment volume</b>	~ €108 million
<b>Contractor</b>	Hochtief PPP Solutions / Construction / Facility Management

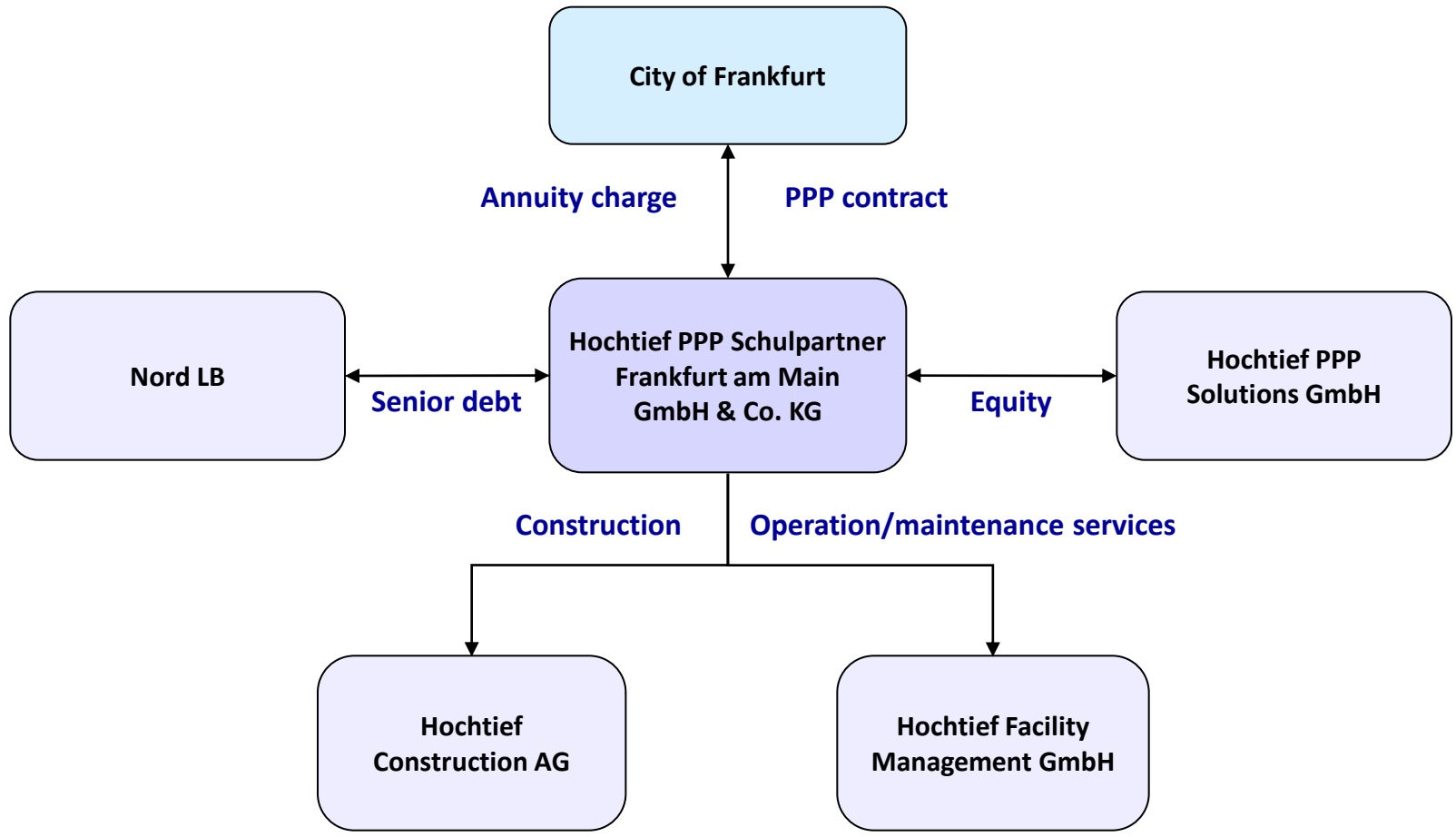
# Facts and figures

	<b>Educational and Cultural Centre Höchst</b>	<b>Carl-von-Weinberg-School</b>	<b>Freiherr-vom-Stein-School</b>	<b>Heinrich-Kleyer-School</b>
<b>User / type of school</b>	Friedrich-Dessauer-School. Hall, Public Library, Adult Education Centre	Comprehensive school	Secondary school	Vocational school
<b>Specifics</b>	Multiple shift usage of premises/rooms	Olympic training centre, sports facilities w/ competition requirements	Urban development requirements and limited site space	Special requirements on rooms/facilities and equipment
<b>Gross floor area (GFA)</b>	New building: 15,100 sqm Refurbishment: 7,900 sqm	New building: 10,000 sqm Refurbishment: 7,000 sqm	New building: 11,000 sqm	Refurbishment and reconstruction: 31,000 sqm
<b>Number of pupils / users</b>	School: 800 School library: 50,000 p.a. Hall: 60,000 p.a. Public library: 80,000 p.a. Adult Educ. Centre: 3170	1,300	1,000	Full time: 350 Part time: 2,150
<b>Number of teachers / staff</b>	School: 130, School library: 1 Hall: 7, Public library: 8 Adult Education: 10	100	90	100

# Major milestones

- May 04 Project kick-off
- Jan 05 Decision of city council to tender a PPP
- Aug 05 Tender notice, prequalification (PQ), invitation to tender (ITT)
- Jan 06 Indicative bids
- Jul 06 Revised bids
- Feb 07 Negotiations with preferred bidder, two extensions of binding period
- Apr 07 Change of preferred bidder, negotiations, best and final offer (BAFO), commercial close
- Jul 07 Resolution of city council and financial close
- Aug 07 Start of construction phase
- Aug 09 All schools are operational

# Structure of the project



# Responsibilities of different levels of the State in Germany

- examples -

Federation	Federal state	Local authority
<ul style="list-style-type: none"><li>• Armed forces</li><li>• Diplomacy</li><li>• Postal service</li><li>• Telephone networks</li></ul>	<ul style="list-style-type: none"><li>• Supervision of local authorities</li><li>• Higher education</li><li>• Schools</li></ul>	<ul style="list-style-type: none"><li>• Water supply <i>(households &amp; businesses)</i></li><li>• Waste disposal <i>(households &amp; businesses)</i></li><li>• Fire brigade</li></ul>
<ul style="list-style-type: none"><li>• Legislation</li></ul>		
<ul style="list-style-type: none"><li>• Further regulation and administrative orders</li></ul>		
		<ul style="list-style-type: none"><li>• Road building</li></ul>
		<ul style="list-style-type: none"><li>• Residential building</li></ul>

# Local-community issues<sup>1</sup>

## in municipality and district self-administration

- 
- Shelter (protection against cold, heat and rain)
- 
- Provision of clean water
- 
- Closed, hygienic sewage-disposal systems
- 
- Electricity supply
- 
- Local transport with streets and community vehicles
- 
- Primary healthcare (outpatient and inpatient)
- 
- Educational, sports and leisure facilities
- 

<sup>1</sup> According to Article 28 (2) (1) of the Basic Law of the Federal Republic of Germany

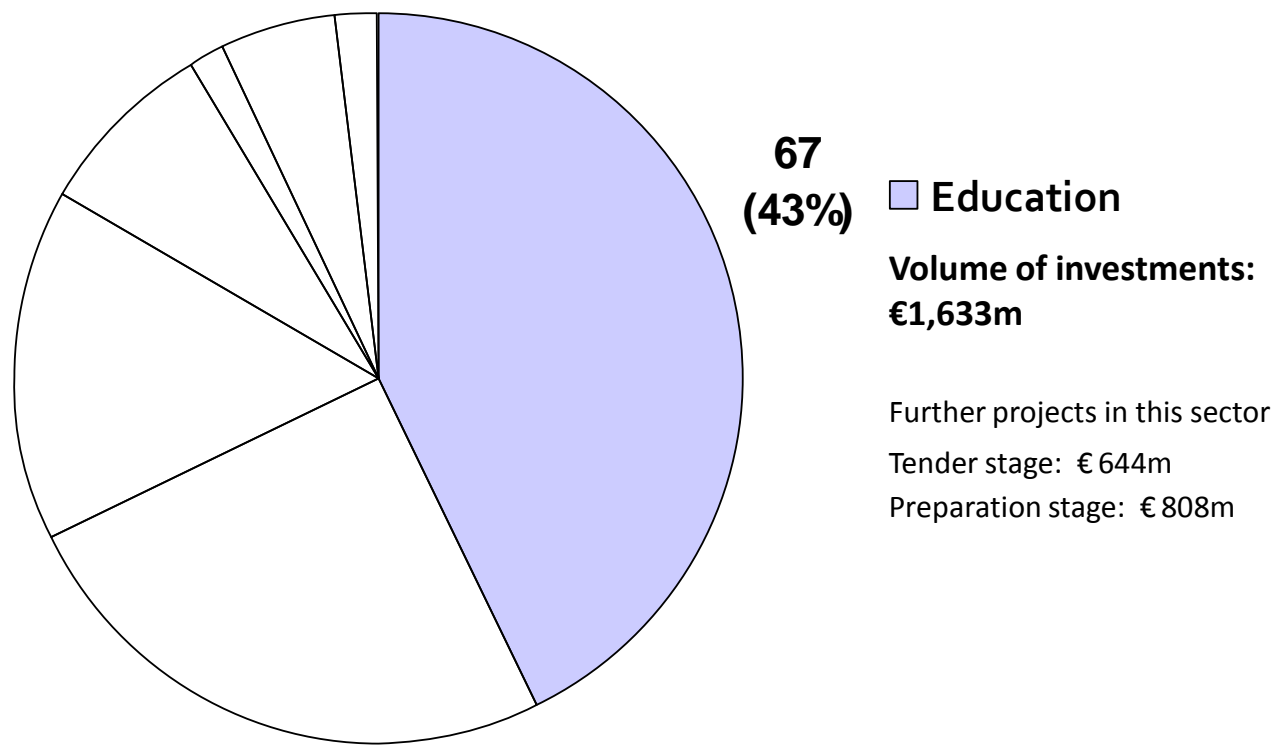
# Organisation of education in Germany

EU	Federation	Federal state		
<ul style="list-style-type: none"> <li>• <i>Subsidies</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Subsidies</i></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Supervision of local authorities</b></li> </ul>		
		<ul style="list-style-type: none"> <li>• Teaching staff               <ul style="list-style-type: none"> <li>- Paying salaries</li> <li>- Administration</li> <li>- Training</li> </ul> </li> <li>• Educational content               <ul style="list-style-type: none"> <li>- Type of school</li> <li>- Curricula</li> </ul> </li> </ul>	<b>Local authority</b>	
			<ul style="list-style-type: none"> <li>• Managing education supply               <ul style="list-style-type: none"> <li>- School organisation</li> </ul> </li> <li>• School premises</li> </ul>	



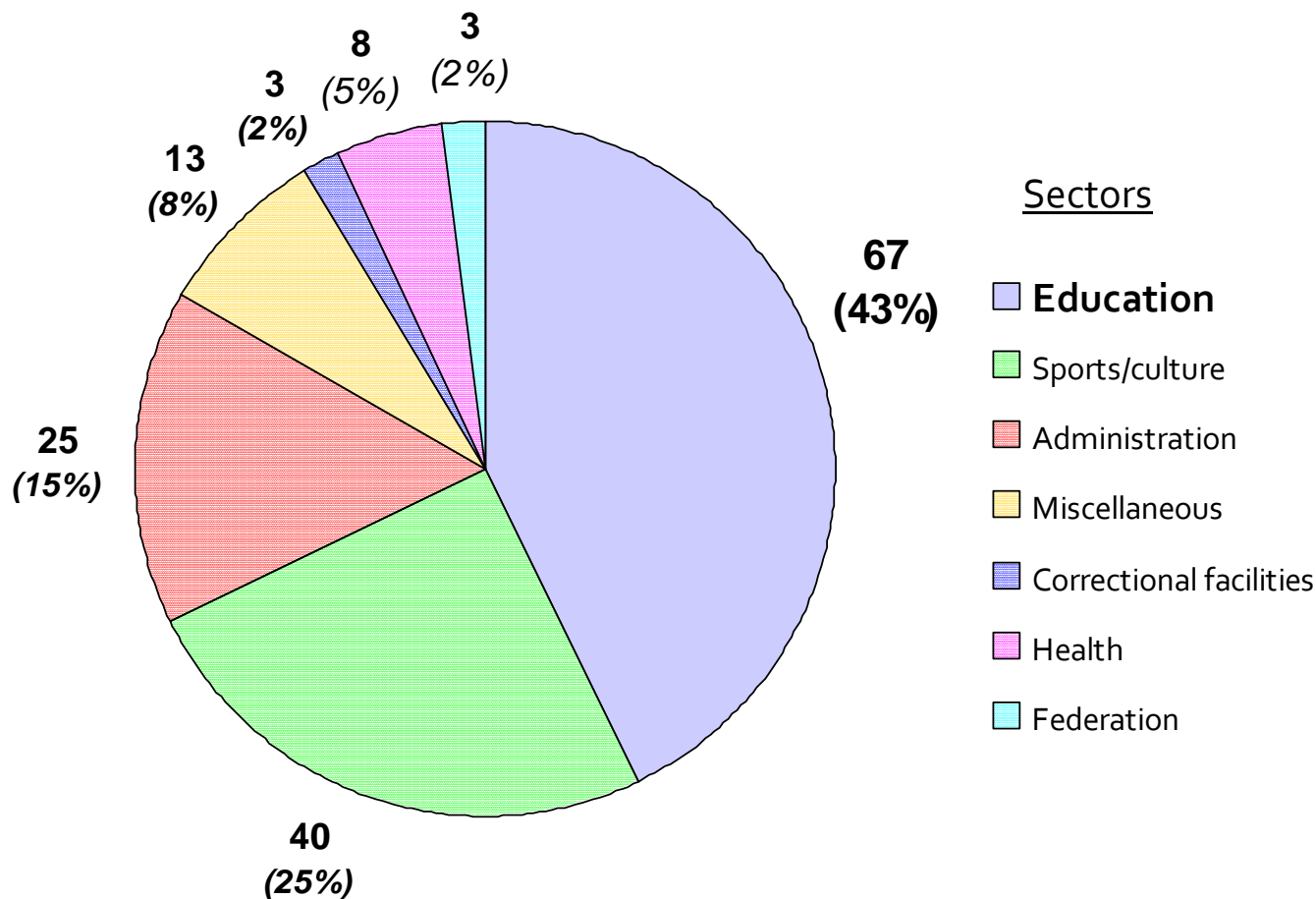
# Distribution of PPP projects in public building construction by sectors

as of February 2011: **159** projects



# Distribution of PPP projects in public building construction by sectors

as of February 2011: 159 projects



# Focus of PPP investments in public building construction

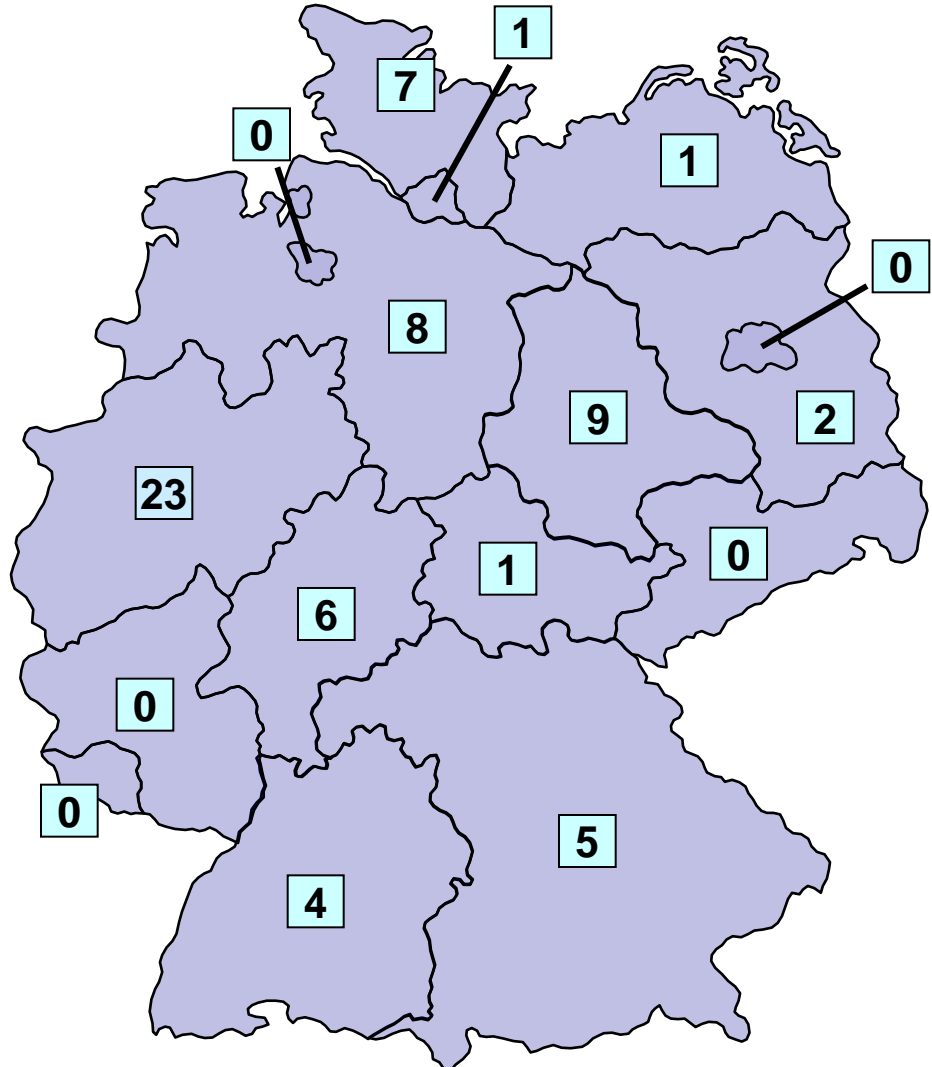
as of February 2011

	Projects Awarded <i>in € million</i>	Projects in the pipeline <i>estimated in € million</i>		
	Investment volume	Projects in tender	Projects in preparation	Total investment volume
<b>Schools / training centres</b>	<b>1,633</b>	<b>644</b>	<b>808</b>	<b>1,451</b>
Administrative buildings	689	108	457	565
Correctional facilities	268	0	0	0
Hospitals	768	600	375	975
Sports / cultural facilities	700	336	173	509
Miscellaneous ( <i>Car parks, logistics centres</i> )	148	208	16	224
Federal buildings (barracks)	312	60	50	110
<b>Total in € million</b>	<b>4,517</b>	<b>1,955</b>	<b>1,879</b>	<b>3,835</b>

# School PPPs

- Current regional distribution -

 Projects awarded



# PPP in public schools

- Number of eligible contract types for grant blending with PPP -

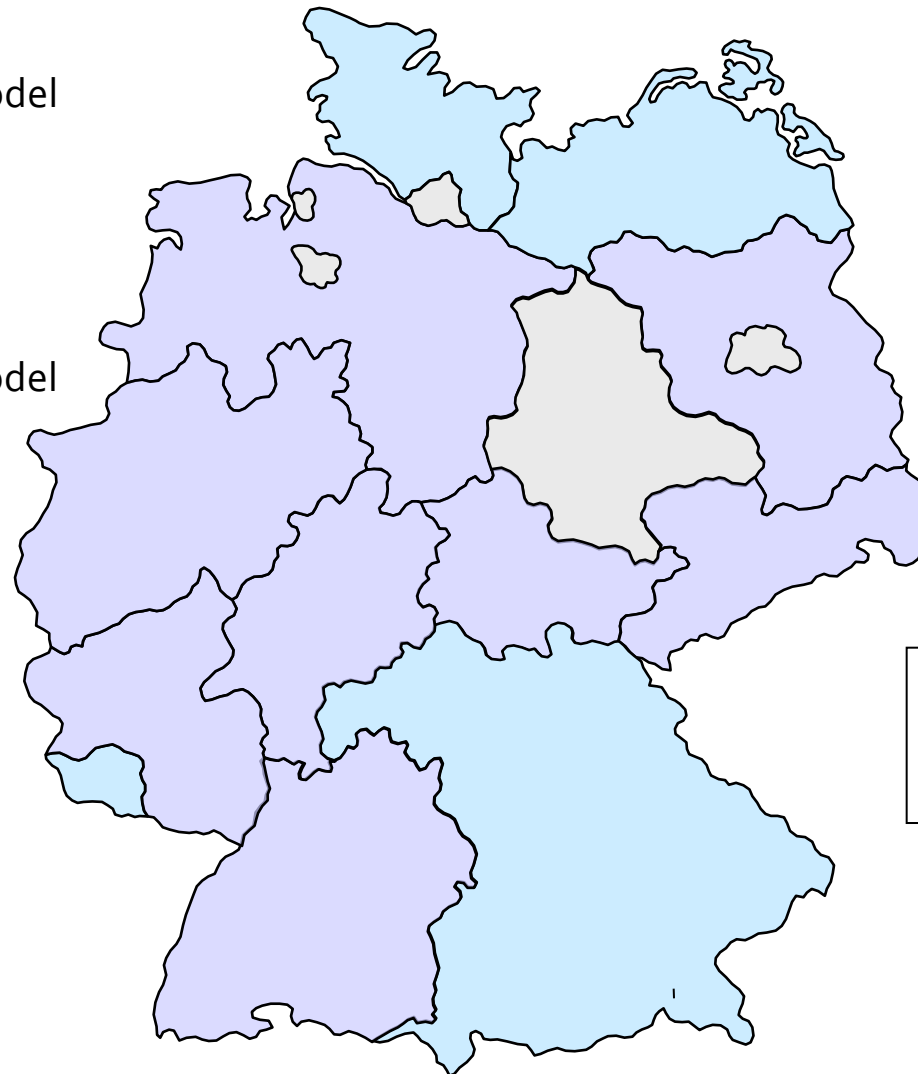
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- Acquisition model
- Owner model
- Leasing model
- Rent model

2

- Acquisition model
- Owner model

0



7 contract types  
common for PPP  
in Germany

# Why so many Schools PPPs in Germany?

## Why a School PPP for OECD?

- 
- Output specifications for school buildings clear and predictable over long period
- 
- Schools clearly-defined sector for PPP
- 
- Contracting authority has clear need for contract to run for life cycle (of school building)
- 
- When decision-makers opt for PPP over life-cycle, this automatically provides the necessary strong political support of the contracting authority
- 
- Tight budgets and compulsory schooling necessitate quick solutions
- 
- Transparency possible by involving users in the output specification
- 
- Every district and unitary authority has a number of buildings suitable for sufficiently large projects
- 
- Market functions well and monopolies can be avoided
-

# Thank you

Bernhard Müller

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