

HARLANDALE INDEPENDENT SCHOOL DISTRICT, TEXAS

A Case Study of Energy Efficient Purchasing Challenges

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In Support of

The Environmental Protection Agency's Energy Star Purchasing Initiative

Final

June 1, 1999

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
RECOMMENDATIONS	5
Disincentives and Concerns:	5
HOST ORGANIZATION – PRIORITIZE RECOMMENDATIONS CONSIDERING COST VS. BENEFIT	5
A. INTRODUCTION	7
City Public Service – The Municipal Utility	8
B. SCHOOL DISTRICT ORGANIZATION	9
C. ROLES AND RESPONSIBILITIES	9
Facilities Maintenance:	9
Procedure for Retrofit Application	11
D. PROCUREMENT FUNCTIONS	11
Competitive Proposal Procedure	12
Architectural/ Engineering Professional Services	12
E. COMMENTS ON ENERGY STAR PURCHASING TOOL KIT	13
F. RECOMMENDATIONS	14
Disincentives and Concerns:	14
G. HOST ORGANIZATION – PRIORITIZE RECOMMENDATIONS CONSIDERING COST VS. BENEFIT	15

Executive Summary

The public education system in Texas, like many states, is divided into independent school districts. The Harlandale school district, located in the San Antonio area is a typical example. Harlandale is one of the larger independent school districts in Texas. It consists of 23 schools and serves nearly 15,000 students. While the school district is typical, it has been proactive in initiating some new energy efficient applications.

The Harlandale Independent School District was chosen because it is representative of over 1100 similar Independent School Districts in Texas alone.

The Harlandale school district was chosen because it has recently installed an innovative new heating and cooling system in a retrofit of the administration building called GeoExchange. GeoExchange, otherwise known as a ground source heat pump, is an excellent example of the purchase of an energy efficient technology.

Suburban areas are growing rapidly and like many suburban school districts, Harlandale is regularly building new schools. Construction will begin on two new elementary schools before the turn of the century and a \$450 million dollar expansion of a number of schools has already begun. Such projects generate an enormous potential for the purchase of energy efficient goods and services. For example, it is expected that the new elementary schools will also utilize GeoExchange heating and cooling.

Since schools are grouped in districts and coordinated on a state level successful energy efficient applications can be readily copied across the district or state.

Since schools are grouped in districts and coordinated on a state level successful energy efficient applications can be copied across the district or state. Schools are potentially a very large market for energy efficient technologies. There are over 109,000 schools across the nation. A recent market analysis estimates that schools occupy approximately 5 million square feet and consume over 2.9 million kWh annually.

The school district is organized primarily by school with a supporting administrative function including facilities management and purchasing. All of the schools and administrative departments are under the authority of the School Board / Superintendent. The school board consists of seven members elected every four years and has been supportive of energy efficiency in the past.

Harlandale Independent School District's success with energy efficient technologies is largely dependent upon energy champions within specific departments or schools. The procurement process is largely administrative, selection of energy efficient technologies depend primarily on the department requesting a purchase. Energy Efficiency is primarily relevant to the facilities maintenance department. For example, the decision to install

geothermal heat pumps was largely due to the commitment of Harlandale's director of Facilities Management, Oscar Perez.

An additional example of the need for committed personnel are several programs initiated under the leadership of an energy manager, Kyle Blakenly. Mr. Blakenly considers the standardization of equipment as an important move toward energy conservation. The school has standardized lighting, air conditioning, and other equipment to high efficiency standards. Retrofits of windows are currently under consideration to minimize significant heat gain in the warm climate.

In addition, an incentive program was established for the purchase of energy efficient technologies. Both of these programs were initiated by an energy manager, this position has since been discontinued. Mr. Blakenly has been reassigned to assistant manager of Facilities Management. The incentive program has also been terminated. Mr. Blakenly reports that energy consumption has risen steadily since the reassignment.

The lack of incentive to conserve energy is a central concern for the department. Since utility bills for all of the buildings are paid centrally there is no recognition on a building personnel level of the importance of energy conservation.

Without an energy champion to advocate equipment procurement initiatives, there is little incentive for other departments to tackle this subject. The lack of incentive to conserve energy is a central concern for the department. Since utility bills for all of the buildings are paid centrally there is no recognition on a building personnel level of the importance of energy conservation. This was why the incentive program was established and considered helpful.

Harlandale Independent School District illustrates the opportunities that exist for initiatives to encourage energy efficient purchasing within school districts. The report suggests several approaches to capitalize on this opportunity. An incentive program to encourage energy efficient installations has a proven track record and could be re-established. Another idea under consideration is to implement a cooperative purchasing program among area school districts. This initiative would include standardizing the purchase of high efficiency models for computers, copiers, lighting and HVAC.

As a result of the interviews conducted as part of this case study, the Harlandale Independent School District indicated an interest and a willingness to pursue this matter more fully.

In summary, this case study highlights the enormous potential that exists for energy efficiency procurement initiatives. The school district has the willingness to adopt new technologies; additional guidance and support will be crucial to capitalize on these opportunities.

Recommendations

Disincentives and Concerns:

- 1) None of the participating departments or building personnel have any direct incentive to address energy conservation since utility bills are paid centrally. Both the department submitting the requisition and the purchasing department never see energy costs. No incentive is provided for considering efficiency.
- 2) Since there is no written policy to consider energy efficiency in new construction, expansions, or general purchasing requests it is dependent on pioneering personalities or contractors to recommend improvements. As contractor and design support are not qualified based on energy efficiency awareness, there is no encouragement of energy conservation on the contractor level.
- 3) Energy manager position was discontinued resulting in rising energy costs. Support of the issue does not appear evident outside the Facilities Maintenance Department.

Host Organization – Prioritize Recommendations Considering Cost vs. Benefit

- 1) **Incentive Program:** Re - establish an incentive program in the district that would reward personnel for identifying ways the company can save energy costs. Such a reward program could be simply recognition awards, or monetary. For example, the district could estimate savings realized by implementing an idea, and pay just 1% of the realized savings back to the employee.
- 2) **Cooperative Purchasing:** Establish a cooperative purchasing program among area school districts which would include standardized high-efficiency models for such items as computer, copiers, lighting, and HVAC. Further development of this idea is currently being investigated by the school and deserves additional development.
- 3) **Training:** Establish regular (annual) training programs on energy conservation within significant departments. Such departments might include purchasing, selected school personnel, and facilities maintenance. Programs might include recognition awards, information about what other departments have done, brainstorming, in addition to training.
- 4) **Evaluation of Energy Efficiency Experience for Contractor Support:** Require firms submitting qualifications for design and/or construction support to report on previous experience with energy efficiency. In addition, include such experience as part of the School Board's selection criteria. Resulting contracts should require

support firms to evaluate energy efficiency alternatives in specific areas such as building shell (windows, insulation, roofing, etc.), HVAC selection, air handling, lighting (and day-lighting), hot water, etc.

- 5) **Standardization:** Implement standardization programs for additional energy related purchased materials and equipment. For example: such as copiers, computers, HVAC, etc. based on Energy Star guidelines. Such standards could be developed by Purchasing with cooperation from Facilities Maintenance where appropriate.

A. Introduction

The school system in the state of Texas, like many other states is broken up into independent school district. The Harlandale school district, located in the San Antonio area is a typical example. Harlandale is one of the larger independent school districts in Texas. It is typical of the over 1100 Independent School Districts in Texas. It consists of 23 schools and serves nearly 15,000 students. It ranks fifth in the area regarding number of schools and number of students. The largest independent school district in the area is San Antonio itself, which consists of 107 schools and nearly 60,000 students. The Table below provides more detail, listing the independent school districts in the San Antonio area and their relative size.

The Harlandale school district has recently installed an innovative new heating and cooling system in one of its' schools called GeoExchange.

The Harlandale school district was chosen because it has recently installed an innovative new heating and cooling system in one of its' schools called GeoExchange. GeoExchange, otherwise known as a ground source heat pump, can potentially reduce energy consumption from 30 – 40% and is an excellent example of the purchase of an energy efficient technology. The technology utilizes natural heating and cooling provided by the ground and the innovative application will be spotlighted later in this report.

District	chools	Students	City
Alamo Heights Isd	5	4,061	San Antonio
East Central Isd	8	6,376	San Antonio
Edgewood Isd	26	14,805	San Antonio
Ft Sam Houston Isd	3	1,046	San Antonio
Harlandale Isd	23	14,619	San Antonio
Judson Isd	14	13,941	Converse
Lackland Isd	2	945	San Antonio
North East Isd	49	43,122	San Antonio
Northside Isd	76	54,992	San Antonio
Randolph Field Isd	3	1,123	Universal City
San Antonio Isd	107	59,544	San Antonio
Somerset Isd	3	2,090	Somerset
South San Antonio Isd	15	10,327	San Antonio
Southside Isd	4	3,229	San Antonio
Southwest Isd	11	8,483	San Antonio

Harlandale School District is located in San Antonio, Texas. San Antonio is now the eighth largest city in the United States and boasts one of the fastest growing metropolitan areas. It is located in South Central Texas. The county population of 1,382,990 ranks 3rd in the State, largely because it includes the San Antonio Metropolitan Area. The

population of the county has risen 15% since 1990 (approximately 200,000 people). A large percentage of the population is Hispanic (54%) with Anglo (40%) and Black (6%) making up the remaining racial mix. San Antonio services nearly 200,000 students. As suburban areas are growing rapidly, Harlandale, like other suburban school districts, is regularly building new schools.

Harlandale Independent School District
Students – 15,000
Geographic Area - San Antonio, Texas
Employees -
Number of Schools – 23
Number of Buildings - 28
Average Electric Rates- .038/KWH (Industrial Rate)

Schools represent an important market for energy efficiency. As of 1996 data there are over 109,000 schools across the nation. A recent market analysis estimates that schools occupy approximately 5 million square feet and consume over 2.9 million kWh annually. The southeast, including Texas claims the largest percentage of schools (32%) in the nation. Another important aspect of this market is that since schools are grouped in districts and coordinated on a state level successful energy efficient applications can be copied across the district or state.

City Public Service – The Municipal Utility

City Public Service (CPS) is the municipal utility operating under a Board of Trustees and owned by the City of San Antonio. CPS has provided metropolitan business customers with gas and electrical power with 25% reserve capacity and industrial power rates below the state and national average. CPS has also lowered rates for its largest users. Time-of-use and interruptable rates (with a 4-hour advance notice) are in place.

CPS operates several power plants that utilize natural gas, nuclear, and coal as fuels. These plants have a combined capacity exceeding 4,500 MW. 1998-99 Operating and Construction budgets include the construction of a 500 megawatt plant in southeast Bexar County to service 13,000 projected new customers. This is not projected to increase electric rates.

Average electricity rates for industrial users is \$0.038 per kWh and can be as low as \$0.031.

Due to recent developments, CPS anticipates increased competition and is anxious to present itself in a favorable light to the city. It is thus an excellent time to pursue partnerships which are beneficial to both County and the utility.

B. School District Organization

The school district is organized around the primary goal of providing a quality education for its students. Harlandale operates 23 schools that fall under the authority of the District Superintendent and a School Board. The Harlandale School Board consists of 7 members elected for four year terms. An election was just recently completed. All board members are required to live within the school district, some are parents of students. The adjacent text box lists the board members and their position. Administration, including purchasing and facilities maintenance is handled centrally in a separate administration building. Each school operates under the authority of the school principal. The principal is of course involved in all major equipment decisions affecting his or her school. The school district is organized in the following departments under the authority of the School Board / Superintendent.

School Board

Grace Acuna, President
Mike Pacheco, Vice President
Leo Rodriguez, Secretary
Robert Castanedo
Joe Farias
Adolph Garcia
David Sousa

- Purchasing
- Human Resources
- Facilities Maintenance
- Athletics
- Personnel
- Public Relations

C. Roles and Responsibilities

The selection of energy efficient technologies is largely a function of two departments: Facilities Maintenance and Purchasing. The organization and management of each department will be discussed in turn. It should be noted that the role of the purchasing department, typical across all organizations, is largely administrative. The purchasing department works on a requisition basis, handling the bidding and vendor selection for purchased equipment. It should be noted that the department submitting the requisition selects the necessary technology and thus most influences the selection of energy efficient equipment.

Facilities Maintenance:

The Harlandale Facilities Maintenance Department provides a wide range of services from operation, maintenance, and repair of all school buildings that house educational, administrative, and storage functions. It also operates and maintains the schools recreational system, which consists of a stadium complex and a number of playing fields.

In total 28 buildings totaling XX square feet are maintained. The department works to support a safe, comfortable environment for students to study and play. The director of the department is Oscar Perez.

Harlandale School District: Building Distribution	
15	Elementary Schools
4	Middle Schools
2	High Schools
1	Alternate School (Problem Students)
1	Multi Handicapped Center
1	Academy
1	Administrative Building
1	Warehouse
1	Maintenance Building
1	Stadium Complex

As the above chart indicates the department manages 28 facilities. Energy management is an important priority of the Facilities Maintenance Department. Mr. Perez led the initiative to install a GeoExchange heating and cooling system on a retrofit of the Administration building. This is an exciting new technology which is expected to yield significant energy savings. More importantly it is likely to be the first of many such retrofits of the technology within the district. The Austin school district in Austin Texas has adopted the technology as their HVAC standard and 54 of their 100 schools have been retrofitted to date. All new construction in the Austin School District also utilizes GeoExchange. Energy savings have been estimated as over 25% and comfort and temperature control have exceeded expectations.

In addition, public interest was drawn to the technology through a media event held at the Harlandale Administration building. It is hoped that other school districts and other public buildings may be interested in similar applications if the HVAC system yields expected results. Already Harlandale has plans to include the technology in plans for two new elementary schools. Such media exposure of high profile technology applications is an important aspect of increasing the market penetration of energy efficient technologies.

The school has standardized both air conditioning, lighting, and other equipment to high efficiency standards.

The department has initiated several additional initiatives to conserve energy. Kyle Blakenly once served as Energy Manager for the School District and was influential in these initiatives. Unfortunately, the district removed the position two to three years ago, and Mr. Blakenly has become the Assistant Director of Maintenance and Operations directly under Oscar Perez. Mr. Blakenly reports that energy consumption has progressively increased since the position was discontinued.

Mr. Blakenly considers the standardization of equipment as an important move toward energy conservation. Under his leadership, the school has standardized lighting, air conditioning, and other equipment to high efficiency standards. In addition, an incentive program was established for the purchase of energy efficient technologies. This program has since been discontinued.

The lack of incentive to conserve energy is a central concern for the department. Since utility bills for all of the buildings are paid centrally there is no recognition on a building personnel level of the importance of energy conservation. This was why the incentive program was established and considered helpful.

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Procedure for Retrofit Application

Board approval is required for all retrofits or projects initiated by the Maintenance Department over \$5,000. This covers nearly all energy efficiency projects including the GeoExchange project. The Board is authorized to execute, perform, and make payments under a contract for an improvement to real property. If the Board proposes to enter into such a contract, it publishes notice of that intent not less than 60 days before the date set to approve execution of the contract. Publication shall be in a newspaper of general circulation in the District. The notice must summarize the major provisions of the proposed contract. The notice estimates the construction and other costs, but the Board shall not publish the first advertisement for bids for construction of improvements until 60 days after publication of the notice of intent.

D. Procurement Functions

Harlandale School District, like many organizations, purchases a multitude of goods and services ranging from specialized technologies to toilet paper. Purchasing is handled by three buyers and a single office assistant. Joe Alvarez currently heads the department. Buyers are assigned purchase requisitions based on a product type, for example computers, copiers or paper products.

As mentioned previously, the purchasing department works on a requisition basis. Equipment is usually specified by the “requesting” department rather than the purchasing department. Thus, buyers have no direct role in specifying equipment. Buyers are responsible for bidding, vendor selection, and contractual arrangements.

There has been no standardized training in the department regarding energy efficiency, and interviewers encountered only generalized knowledge on the subject.

Purchasing evaluates bids for purchased goods based on two criteria:

1. The education of the students in the community is the primary concern, and quality, promptness of delivery, and dealer service shall be of utmost importance in all purchases.
2. The best prices available on purchases, consistent with the philosophy set out above, shall be obtained.

Competitive Proposal Procedure

A Competitive Proposal Procedure is required for all purchases over \$25,000 in the aggregate for the fiscal period. The following procedure is utilized:

1. Requests for proposals are publicized and identify all evaluation factors and their relative importance. Proposals solicited are required to be made from an adequate number of qualified sources. This number is not specified but based on the purchase in question.
2. The district conducts technical evaluations of the proposals received and selects a proposal for the award.
3. Awards are made to a responsible firm whose proposal is most advantageous to the program, with price and other relevant factors listed above considered.

A fixed-price or cost reimbursement agreement may be awarded when a competitive bidding procedure is not appropriate.

Architectural/ Engineering Professional Services

The District uses a competitive proposal procedure for qualifications-based procurement of architectural/engineering (A/E) professional services. The competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. This is the only circumstance where price is not used as a selection factor.

E. Comments on Energy Star Purchasing Tool Kit

Most of the respondents were favorably impressed by the toolkit. It was felt that the information was very good and organized in a readily usable manner. In every case, the first and overall response was positive. “Buyers want to make the right decisions, this will help us ask the right questions” Central concerns were not the quality of the information but rather that information was not relevant or not appropriately directed. The following comments were made:

“Buyers want to make the right decisions, this will help us ask the right questions”

- **Orientation of the Material:** Some respondents felt that materials were oriented toward a purchasing department rather than the departments which were actually responsible for making technology selections. In one case, it was felt that database references about available technologies were very helpful but purchasing drop-in language was less likely to be used.

Another felt purchasing departments were simply not educated or aware of the issues to really benefit from the information presented. A Purchasing respondent said “we don’t use life-cycle costing so that does not help us”. “This information is relevant to a facilities manager not a buyer”.

- **Use of Internet Databases:** Several of the interviewed personnel already accessed the internet on a regular basis. One respondent in facilities maintenance said he had accessed the EPA website regularly and had found the information relevant and helpful. In one case the number of different website addresses and references were considered confusing and he was reluctant to use the addresses. Purchasing officials seemed less aware of databases and many did not use the internet regularly in purchasing decisions.

We are starting to work more directly with local suppliers to help us select appropriate equipment. One respondent felt that since many purchasers are now requiring the purchase of energy star equipment that they are trying to sell off remaining inventories to less concerned or less educated buyers. This was of course speculative and could not be confirmed.

- **Expand to include Building Envelope Technologies:** A respondent questioned whether toolkit would be expanded to include building envelope items such as windows, insulation, roofing, daylighting etc. more relevant to architects and new construction design support. One of the City architects was interested in the tool-kit and requested a copy. Another facilities maintenance manager felt the tool kit could be given to outside Architect and Design support to indicate that energy efficiency would be considered an important design consideration.

It was also felt that a list of design considerations for new construction would be helpful to pass to architects and designers. One respondent felt that no money was provided in the initial project bid to consider energy efficiency so often hands are tied by financial limitations even in the design stage. It was suggested that a percentage be added to bids to incorporate energy efficiency.

- **“Drop-in” Purchasing Language:** Several respondents did not think “drop-in” purchasing language was relevant to their department or likely to be usable. Language was not considered usable since it would be too specific or in some cases too vague. The concept seemed helpful, and in one case it was suggested that it might be used as a guideline to develop their own.

In general, the tool-kit received a favorable response. It could not be determined, given the time frame, how much departments actually used the tool kit. Several improvements were suggested including: adding building envelope technologies; simplifying and/or standardizing web site addresses; and modifying orientation of the packet to facilities management and architects.

F. Recommendations

Disincentives and Concerns:

- 4) None of the participating departments or building personnel have any direct incentive to address energy conservation since utility bills are paid centrally. Both the department submitting the requisition and the purchasing department never see energy costs. No incentive is provided for considering efficiency.
- 5) Since there is no written policy to consider energy efficiency in new construction, expansions, or general purchasing requests it is dependent on pioneering personalities or contractors to recommend improvements. As contractor and design support are not qualified based on energy efficiency awareness, there is no encouragement of energy conservation on the contractor level.
- 6) Energy manager position was discontinued resulting in rising energy costs. Support of the issue does not appear evident outside the Facilities Maintenance Department.

G. Host Organization – Prioritize Recommendations Considering Cost vs. Benefit

- 6) **Incentive Program:** Re - establish an incentive program in the district that would reward personnel for identifying ways the company can save energy costs. Such a reward program could be simply recognition awards, or monetary. For example, the district could estimate savings realized by implementing an idea, and pay just 1% of the realized savings back to the employee.
- 7) **Cooperative Purchasing:** Establish a cooperative purchasing program among area school districts which would include standardized high-efficiency models for such items as computer, copiers, lighting, and HVAC. Further development of this idea is currently being investigated by the school and deserves additional development.
- 8) **Training:** Establish regular (annual) training programs on energy conservation within significant departments. Such departments might include purchasing, selected school personnel, and facilities maintenance. Programs might include recognition awards, information about what other departments have done, brainstorming, in addition to training.
- 9) **Evaluation of Energy Efficiency Experience for Contractor Support:** Require firms submitting qualifications for design and/or construction support to report on previous experience with energy efficiency. In addition, include such experience as part of the School Board's selection criteria. Resulting contracts should require support firms to evaluate energy efficiency alternatives in specific areas such as building shell (windows, insulation, roofing, etc.), HVAC selection, air handling, lighting (and day-lighting), hot water, etc.
- 10) **Standardization:** Implement standardization programs for additional energy related purchased materials and equipment. For example: such as copiers, computers, HVAC, etc. based on Energy Star guidelines. Such standards could be developed by Purchasing with cooperation from Facilities Maintenance where appropriate.

APPENDIX A

PURCHASING PROCEDURES (Harlandale School District)

The Superintendent or designee shall develop and implement procedures for the orderly and responsible purchase of goods and services for District schools. In formulating such procedures to conform to good business practice, legal requirements, and Board policy, the Superintendent or designee shall be guided by the following principles:

1. The education of the students in the community is the primary concern, and quality, promptness of delivery, and dealer service shall be of utmost importance in all purchases.
2. The best prices available on purchases, consistent with the philosophy set out above, shall be obtained.
3. Purchasing procedures shall be designed to cover:
 - a) The writing of specifications.
 - b) Quality control measures including trial tests and field checks.
 - c) Preparation of vendor lists.
 - d) Cost control measures.
 - e) Proper requisitioning.
 - f) Issuance of properly worded purchase orders and contracts.
 - g) Other essential procedures.

FEDERAL PROGRAMS PURCHASES SMALL PURCHASE PROCEDURE When the District seeks to purchase with federal funds services, supplies, or other property that does not cost more than \$25,000 in the aggregate for the fiscal period, the District shall obtain written price or rate quotations from an adequate number of qualified sources.
COMPETITIVE PROPOSAL PROCEDURE When the use of competitive bids is not appropriate for purchases with federal funds for services, supplies, or other property and either a fixed-price or cost reimbursement agreement shall be awarded, the District may follow the procedures described below:

1. Requests for proposals shall be publicized and shall identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practiced. Proposals shall be solicited from an adequate number of qualified sources.
2. The District shall have a method for conducting technical evaluations of the proposals received and for selecting a proposal for the award.
3. Awards shall be made to the responsible firm whose proposal is most advantageous to the program, with price and other relevant factors considered.

ARCHITECTURAL/ ENGINEERING PROFESSIONAL SERVICES

The District may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby the competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. This method, where price is not used as a selection factor, shall only be used in procurement of A/E professional services.

PURCHASING AND ACQUISITION: REAL PROPERTY AND IMPROVEMENTS

LEASE-PURCHASE For purposes of this policy, "contract" means an agreement entered under the authority of Local Government Code 271.001 and following (Public Property Finance Act), but does not mean a contract solely for the construction of improvements to real property. "Improvements" means a permanent building, structure, fixture, or fence that is erected on or affixed to land, but does not include a transportable building or structure whether or not it is affixed to land. "Real property" means land, improvement, or an estate or interest in real property, other than a mortgage or deed of trust creating a lien on property or an interest securing payment or performance of an obligation in real property. Local Gov't Code 271.003(2)(10)(11) **PROPOSED CONTRACT** The Board may execute, perform, and make payments under a contract for the use or purchase or other acquisition of real property or an improvement to real property. If the Board proposes to enter into such a contract, it shall publish notice of that intent not less than 60 days before the date set to approve execution of the contract. Publication shall be in a newspaper of general circulation in the District. The notice must summarize the major provisions of the proposed contract. The notice shall estimate the construction and other costs, but the Board shall not publish the first advertisement for bids for construction of improvements until 60 days after publication of the notice of intent. Local Gov't Code

271.004(a) PETITION AND REFERENDUM

Within 60 days of the date of publication of notice of intent, a written petition signed by a least five percent of the registered voters of the District may be filed with the Board, requesting the Board to order a referendum on the question of whether the contract should be approved. If a petition is filed, the Board may not approve the contract or publish the first advertisement for bids for construction of improvements unless the question is approved by a majority of the votes received in a referendum ordered and held on the question. The referendum shall be held in accordance with the applicable provisions of the Election Code, except that it is not required to be held on a uniform election date.