



# Desirability and Convenience Study Consolidated Public Safety Training Center

October 23, 2018



[www.p3.pr.gov](http://www.p3.pr.gov)

## GENERAL DISCLOSURE

This Desirability and Convenience Study (“**Study**”) has been prepared pursuant to the requirements of Act No. 29-2009, as amended, also known as the Puerto Rico Public-Private Partnerships Act (“**Act**”) and the Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Participatory Public-Private Partnerships Contracts under Act No. 29-2009, as amended (“**Regulation**”). This Study seeks to determine whether it is advisable and convenient for the Government of Puerto Rico (“**Government**”) to procure a Public-Private Partnership (“**P3**”) pursuant to which a private contractor (“**P3 Contractor**”) would develop, finance, operate and maintain a Public Safety Training Center that would be used to provide law enforcement training for entry-level employees, or employee candidates for any of the seven law enforcement bureaus that fall under the jurisdiction of the Puerto Rico Department of Public Safety (“**DPS**”). These bureaus are: the Police Department, Fire Department, Forensic Science Institute, 911 Emergency Response System, Emergency Management and Disaster Administration, Medical Emergency Department and the Special Investigation Unit. The Public Safety Training Center may also be used by entry-level employees or employee candidates of the Puerto Rico Department of Corrections and Rehabilitation (“**DCR**” and collectively with the DPS, “**Departments**”). It is expected that a P3 Contractor will provide certain law enforcement and public safety training at the existing Police Academy location in Gurabo and/or other suitable locations (the “**Proposed Project**”).

On August 22, 2017, the Ana G. Méndez University System (“**SUAGM**” or “**Proponent**”) submitted to the Puerto Rico Public-Private Partnerships Authority (“**Authority**”) an unsolicited proposal entitled “Proposal for a Public-Private Partnership to create the Public Safety Training Center” (“**Unsolicited Proposal**”). Pursuant to the Act and the Regulation, the Authority completed a preliminary evaluation of the Unsolicited Proposal on October 11, 2017. This Study was formulated in accordance with Section 7(b) of the Act and the different sections of the Guidelines pertaining to Desirability and Convenience Studies of the Authority. This Study was commissioned under the supervision of the Authority and in consultation with its legal advisor Nossaman LLP (“**Nossaman**”), its local technical advisor CPM PR, LLC (“**CPM**”) and its financial advisor Rothschild & Co. (“**Rothschild**”) (collectively, the “**Advisors**”).

This Study is based on information provided by the Authority, the Departments and market information obtained from sources believed to be reliable. In addition, this Study includes certain information provided by SUAGM and estimates and assumptions made by the Advisors. Changes in local, state and federal laws or shifts in the overall economic condition of Puerto Rico and certain public policies may occur that may alter the assumptions and conclusions presented in this Study. It is recommended that further analysis and due diligence be conducted in any subsequent phases of the Proposed Project.

In order to gauge industry interest in the Proposed Project, the Authority is asking for comments in connection with the Study. The comments must be submitted in writing to the

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following email: [publicsafety@p3.pr.gov](mailto:publicsafety@p3.pr.gov). The Authority will acknowledge receipt of those comments submitted by email within two (2) business days of receipt. The Authority may also, but will not be required to, respond to or ask follow-up questions regarding the comments received. **The deadline for submitting comments is Monday, November 26, 2018, on or before 5:00 p.m. (AST).**

As additional information becomes available, the Authority will continue to evaluate and analyze the desirability and convenience of the Proposed Project as a P3. The Authority does not make any representation or warranty whatsoever, including representations or warranties as to the accuracy or completeness of the information contained herein, including estimates, forecasts or projections. In addition, the Study includes certain projections and forward-looking statements with respect to future performance that reflect certain assumptions and are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Authority and the Departments. Accordingly, there can be no assurance that such projections and forward-looking statements will materialize, unless the factors and presumptions included therein become a reality or are confirmed.

The actual results may vary from the anticipated results and such variations may be material. The Authority, the Departments and the Advisors expressly disclaim any liability for any representations or warranties, expressed or implied, contained herein or for any omissions from this Study or any related matters.

The Act and the Regulation, as well as all applicable Puerto Rico and federal laws and regulations, will govern the dissemination of this Study.

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## **EXECUTIVE SUMMARY**

On August 22, 2017, the Authority received the Unsolicited Proposal. According to the Unsolicited Proposal, a P3 Contractor would, at its sole expense, upgrade, maintain and operate the existing Police Academy training center in Gurabo, Puerto Rico. The Public Safety Training Center would be operated by the P3 Contractor to provide specialized law enforcement and public safety training and degrees for candidates for the Departments.

The main objective of the Proposed Project is to provide an educational and training program that meets the needs and requirements of all Bureaus under the Departments. The Center's offering will include degrees, certifications, re-certifications and continuing education suitable and required for candidate employees, cadets and law enforcement and public safety employees of the Departments.

The Proposed Project contemplates that the Government will potentially provide a multi-year lease of the existing Police Academy facility in Gurabo or other suitable locations to the P3 Contractor in exchange for an annual lease payment and providing certain training and education services in accordance with pre-defined service standards. The P3 Contractor will be responsible for upgrading the facility to make it suitable for its law enforcement and public safety training program and will commit to invest private capital to upgrade the facility for such purposes. The P3 Contractor would also maintain and operate the Public Safety Training Center to provide the required law enforcement and public safety trainings for candidates and public safety and law enforcement employees for the Departments over the term of the lease.

By pursuing the Proposed Project with a private sector entity through a public-private partnership, the Government aims to meet the statutory requirements of Act No. 20 - 2017 (which mandates the establishment of the consolidated Public Safety Training Center and the development of an academic public safety training program for the public safety agencies that fall under the jurisdiction of the DPS at a reduced overall cost to the public treasury). Similarly, the DCR may be able to lower its overall training costs for entry-level employees or employee candidates by having these individuals enroll at the Public Safety Training Center in order to satisfy requirements for completion of public safety training courses. The Proposed Project also facilitates the compliance with the requirements of the 2013 Agreement for the Sustainable Reform of the Puerto Rico Police Department entered into between the U.S. Department of Justice and the Government to reform the practices of the Puerto Rico Police Department (further defined and described in other sections of this RFP).

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## **PART A: PROJECT OVERVIEW**

### **A.1 Project Background and Context**

In April 2017, the Government enacted Act No. 20-2017 (the “**Puerto Rico Public Safety Department Act**” or “**Act 20**”) which created the **DPS** with the goal to reorganize, reform, modernize and strengthen public security instrumentalities at the state level and to enhance their capabilities and effectiveness. The DPS consists of seven (7) public safety bureaus:

- i. Police Department;
- ii. Fire Department;
- iii. Forensic Science Institute;
- iv. 911 Emergency Response System;
- v. Emergency Management and Disaster Administration;
- vi. Medical Emergency Department; and
- vii. Special Investigation Unit.

The creation of DPS integrates the functions of all of the foregoing public safety bureaus under a single official, its Secretary, whose mission is to protect, investigate and/or prevent illicit activities and/or emergency situations in Puerto Rico and work in an integrated manner to ensure public safety. The creation of DPS is expected to facilitate a more effective use of Government resources and human capital. DPS is also responsible for providing training and professional education to its public safety and law enforcement employees and cadets.

Similarly, the DCR is responsible for providing training to its employees. DCR is responsible for the consolidation of all detention, correctional and rehabilitation functions in Puerto Rico. Specifically, the DCR is responsible for three main instrumentalities:

- i. Corrections Administration;
- ii. Juvenile Institutions Administration; and
- iii. Parole Board.

The Government, through the Departments, is responsible for providing adequate law enforcement and public safety training to cadets and training employees that work for its various agencies. Periodically, the Departments also integrate courses from other key Government Agencies such as the Puerto Rico Department of Justice, who provide legal instructors with proven prosecutor experience.

The Departments represent a significant labor force. According to the Puerto Rico Office of Management and Budget (“**OMB**”), the Puerto Rico Police Department and the DCR had

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approximately 14,600 and 7,310 employees, respectively, for fiscal year 2018. The costs of training these employees are solely borne by the public treasury of the Government. Based on recent historical data from OMB and the Departments, the costs of law enforcement and public safety training can reach an average amount of \$9 million every time a new class for new recruits is opened for the Police Department and DCR. These costs include the salaries and benefits of the trainers, the costs of developing, operating and maintaining the training facilities and equipment, and the salaries paid to the entry-level employees undertaking the training.

Article 1.11 of Act 20 mandates the establishment of a centralized Public Safety Training Center under the supervision of the Secretary of the DPS and the development of an academic training program for the personnel of the seven bureaus under the DPS. The training program must meet various statutory objectives, including the use of technological advances, the provision of specialized training courses and compliance with the 2013 Agreement for the Sustainable Reform of the Puerto Rico Police Department entered into between the U.S. Department of Justice and the Government to reform the practices of the Puerto Rico Police Department (the “**Reform Agreement**”).

In light of these legislative mandates, and the current economic and fiscal condition of the Government, the Authority has determined that it is in the public interest to consider whether a P3 Contractor may be able to develop, finance, operate and maintain the Public Safety Training Center and provide the required training in a coordinated, reliable and consistent manner at a reduced overall cost to the Government.

#### PRPD’s College for Criminal Justice

The Government and specifically the Puerto Rico Police Department (“**PRPD**”), have a dedicated training center located in the Municipality of Gurabo in the central eastern part of Puerto Rico approximately 23 miles from Puerto Rico’s capitol of San Juan.

Act 155 of 1999, created the College of Criminal Justice (“**CCJ**”) as an institution of higher education empowered to grant university degrees. CCJ was established as a division of the PRPD. Subsequently, Act 112 of 2014, amended the "Puerto Rico Police Act of 1996" and created the Program for the Professionalization of the Police of Puerto Rico as an integral part of the structure of the PRPD program. This Program provides education and training in various subjects, in order to offer the necessary skills to law enforcement employees to prevent and combat illicit activity in Puerto Rico.

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The CCJ was created to prepare future police officers with a university degree so that they can perform effectively. Through retraining, it provides the PRPD with knowledge of new technology and developments in the public safety field. It also provides these services to other law enforcement agencies. The main clientele of the CCJ are law enforcement agents selected by the PRPD, members of municipal police forces, members of the Department of Natural Resources acting as public security officials, and other municipal and state agencies that request training or retraining for their employees.

The CCJ has the following organizational units:

- i. Academic Affairs;
- ii. Administration Affairs;
- iii. Student Affairs;
- iv. Board of Directors;
- v. Office of Planning and Appraisal;
- vi. Office of the President; and
- vii. Office of the Chancellor.

The CCJ is located in the Barriada Camp neighborhood of the Municipality of Gurabo and has a Retraining Center in the Municipality of Villalba.



*Main entrance to College of Criminal Justice in Gurabo, Puerto Rico.*

## **College of Criminal Justice**

### **MISSION**

Educate law enforcement officers and other professionals in the field of security in an academic setting that promotes knowledge, mastery of the most advanced techniques, and disciplinary training with a focus on excellence in service and social responsibility, framed in the highest principles of professional ethics and respect for the dignity of the human being.

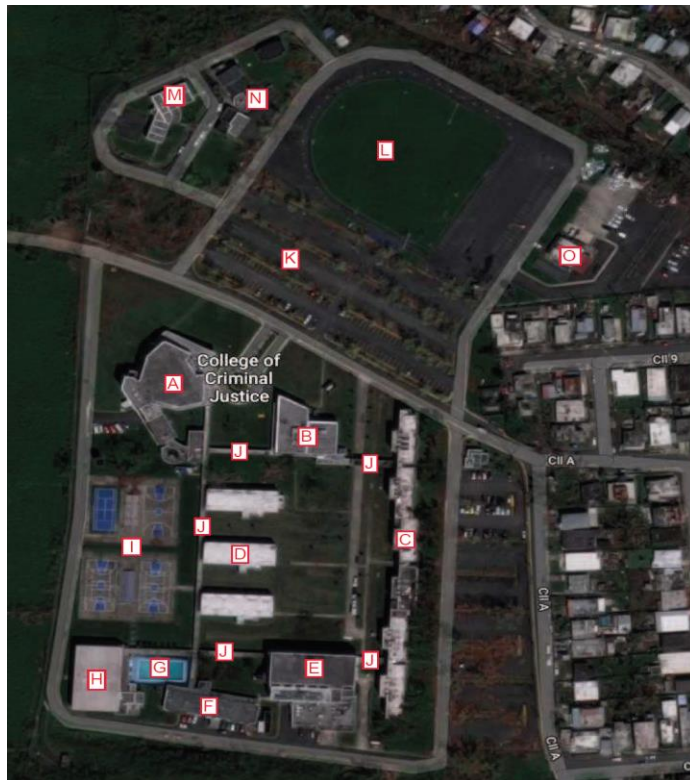
### **VISION**

To be the best center for college studies and training for the development and technical-practical strengthening of public order agents and other professionals in the field of security in Puerto Rico, the Caribbean and Latin America.



The CCJ campus consist of approximately seven main buildings, “The Pueblito” (a simulated town of several small one-story buildings), a swimming pool and other recreational facilities. The CCJ also includes a shooting range facility located in a nearby property.

**Figure 1: Site and Map of the Gurabo Academy Campus**



### Site Legend

- A. Amphitheater
- B. Building not Identified
- C. Dormitory Building
- D. Recertification Building
- E. Student Center & Dean Offices
- F. Service Building around Pool
- G. Pool Area
- H. Recreational Courts (enclosed)
- I. Recreational Courts (open)
- J. Connecting Hallways
- K. Parking
- L. Baseball Ground
- M. Simulated Courtroom Building
- N. Area known as *Pueblito*
- O. Unidentified Structures

## A.2 Description of Service Needs

The Proposed Project can be a turning point in law enforcement education and training education and provide much needed improvements to the CCJ’s facilities. There are a series of key drivers and service needs that make the Proposed Project necessary, namely the following:

### 1. Increase quality of education, training and recertification for the Departments’ officers

The Departments are in need of improvement in the quality and consistency of law enforcement and public safety training. Presently, the Departments are faced with the need to professionalize their forces in order to meet the applicable requirements of Act 20 and the provisions in the Reform Agreement applicable to the Police Department. As part of the Project, the Departments will partner with a higher education institution certified by the

Middle States Commissions for Higher Education, which will provide independent and high caliber law enforcement and public safety training and education.

In addition, the Government recognizes that a more educated and trained force can provide better and more effective service to the residents and visitors of Puerto Rico. The results of better education, training and equipment can be of significant public value such as greater effectiveness in combating crime, expedited case resolutions, higher level of community trust in the public safety forces, higher conviction rates, enhanced protection of civil rights, and overall reduction in criminal activity.

2. Comply with Act 20 and Reform Agreement mandates, which require updated academic and training offerings

Act 20 requires the establishment of a consolidated Public Safety Training Center for the DPS and the development of an academic training program which meets various statutory requirements. In order to satisfy this legislative mandate, the Government would need to invest additional public funds in developing, operating and maintaining the Public Safety Training Center and the associated academic training program required by Act 20. These expenditures would include capital improvement costs for establishing the Public Safety Training Center itself, any additional equipment or technology that might be required to provide the necessary public safety training, and increased salaries and expenses associated with the development and offering of an academic training program meeting the statutory goals of Act 20. Similarly, the Reform Agreement requires numerous actionable items relating to the revision and enhancement of police officer training standards in Puerto Rico which can be expedited and accomplished through the Proposed Project.

3. Update and improve the CCJ facilities and obtain latest equipment and technology for academic and training purposes

The CCJ in Gurabo is one existing facility that could be used as the location for the centralized Public Safety Training Center as required by Act 20 for DPS, and also to satisfy requirements for DCR. However, in order to consolidate the existing training programs for all of the law enforcement and public safety agencies under the jurisdiction of the DPS, the upgrade and rehabilitation of the Police Academy facility (or another suitable location) would be required to accommodate additional equipment, technology and training facilities.

Campus facilities such as student housing, parking and student center facilities at the CCJ currently experience significant deferred maintenance and deterioration. Below is an illustration of the most critical service needs of the CCJ as it relates to key student life facilities and infrastructure. The service needs affect the entire Campus community.

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**Figure 2: Physical Conditions and Capital Improvement Needs**



A visual assessment of CCJ buildings and premises was conducted on May 8, 2018, and a report was prepared listing damages caused by the recent Hurricanes Irma and Maria as well as other deficiencies.

The following improvements are anticipated for the Gurabo facility to make it fully operational as a Public Safety Training Center:

- i. Certain improvements are required in external areas such as roof, metal ceilings, paint, and windows glazing. Damages were also detected in acoustic ceilings where there are signs of water filtration.
  - ii. Interior area improvements are associated with needed replacement of doors, locks, window operators, window screens, and floors.
  - iii. Certain major improvements were identified in the indoor dining areas and certain stand alone adjacent buildings.
  - iv. Certain installations, upgrades to systems and facilities, and specialty amenities are required to support the specific curriculum training of specialized department Bureaus.
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In general terms, existing CCJ facilities reveal the consequences of severe deferred maintenance and lack of investment in preventive capital improvements. The P3 Contractor will be expected to conduct certain capital improvements and to implement a maintenance and life cycle improvement program throughout the term of the Proposed Project. It is expected that any contract with the P3 Contractor will require that the facilities be returned to the Government at the end of the term in good operating condition with significant remaining useful life.

4. *Reduce Government expenses, achieve efficiencies and further optimize the time of officers on duty and human resources.*

It is estimated that the Government has expended an average of \$9 million every time a new class of recruits has opened for the Police Department and DCR candidates to begin their training. These figures include the cost of salaries paid to the entry-level employees during their training. The Government, amid a severe fiscal adjustment, has found it increasingly difficult to cover the expenses and investments associated with the training of Police, employees and/or Corrections cadets.

### **A.3 Project Description**

The Government is in the process of evaluating how to best develop a consolidated Public Safety Training Center and an academic training program for the Departments' employees in order to comply with the mandates of Act 20 while improving the quality, reliability and consistency of such training, among other factors. This Proposed Project sets forth an alternative whereby those goals may be achieved in a cost efficient and effective manner through the creation of a consolidated Public Safety Training Center at the existing Police Academy facility in Gurabo or at other suitable locations identified by the P3 Contractor. The facility would be developed, operated and maintained by a private entity through a public-private partnership arrangement with the DPS (or such other government agency).

The Proposed Project would not require the Government to pay for any of the costs of developing, operating or maintaining the Public Safety Training Center facility in Gurabo (or other suitable location identified by the P3 Contractor). Instead, the P3 Contractor will agree to develop, operate and maintain the Public Safety Training Center at its own cost under a multi-year lease agreement in exchange for an annual rental payment. In addition, under a Training Collaboration Agreement or similar arrangement entered into by the P3 Contractor and the Government, the P3 Contractor would agree to provide any and all requisite of law enforcement and public safety education and training for the entry-level employees or employee candidates of the Departments. The tuition costs for the courses required to complete the requisite public safety training could be paid in whole or in part by the relevant law enforcement and public safety agencies, or the individuals seeking entry-level positions

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could be required to pay for the tuition costs themselves (with the possible assistance of grants or student loans where available).

The primary objectives of the Proposed Project are as follows:

- i. Establish a consolidated Public Safety Training Center and develop a law enforcement and public safety education and training program mandated by Act 20 for the benefit of the Departments in a cost efficient and effective manner;
- ii. Improve the quality and consistency of law enforcement and public safety education and training provided to the entry-level employees of the Departments, in order to meet the applicable requirements of Act 20, the requirements of the Reform Agreement applicable to the Police Department, and to improve the reliability and effectiveness of law enforcement and public safety services provided for the citizens, residents and visitors of Puerto Rico;
- iii. Reduce the overall risk profile to the Departments (including litigation and claims risk, reputational risk and risks to employee morale and retention) by improving the quality and consistency of training provided to entry-level employees;
- iv. Improve the services, facilities and infrastructure that will be available for retraining, continuing education and other certifications that may be required by non-entry level employees of the Departments at a lower overall cost to the public treasury.

The potential benefits of delivering the Proposed Project through a public-private partnership with a private sector are as follows:

- i. Reduce the overall cost to the public treasury of providing public safety training which meets or exceeds the applicable standards of Act 20 and the Reform Agreement;
  - ii. Better optimize the personnel resources in the Departments by transferring to the private sector functions that have been proven to be effectively provided by qualified higher education entities;
  - iii. Increase the consistency, quality and reliability of law enforcement and public safety education and training provided to entry-level employees of the Departments;
  - iv. Partner with a reputable higher education institution certified by Middle States Commission on Higher Education, which can provide independent and high standard quality of education and training for entry-level employee, active officers and Departments trainers;
  - v. Leverage existing private sector expertise, technology and methods in law enforcement and public safety training for the benefit of the Departments;
  - vi. Create opportunities for sustainable and meaningful institutional reform to the training and educational programs offered to public safety employees through collaboration with private academic institutions;
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- vii. Increase the reach to a broader base of students and candidates, who now opt for law enforcement and public safety professional educational programs. As a result, the Departments will automatically augment their recruitment bases, which will also help in increasing diversity among the Departments officers; and
- viii. Accelerate the pace of professionalization of in the Police Department as well as in other public safety related agencies such as Corrections and Rehabilitation Department and other DPS bureaus.

### Project Scope of Work

The Departments are interested in transferring to the P3 Contactor the following functions:

- Operation and Maintenance of Facilities: Provide day-to-day operations and maintenance of facility, installations and equipment in accordance with pre-defined standards and industry best practices.
  - Capital Improvements: Design, build and finance of certain capital and life cycle improvements to ensure facilities are brought to applicable standards and remain adequate, updated and safe throughout the term of the agreement. Capital improvements shall include all build-up, addition, upgrades, installations and building systems necessary or desirable to support education and training programs. The capital improvements program to be transferred to the P3 Contractor is expected to be predefined during the procurement process of Project.
  - Academic Programing: Develop and implement a comprehensive education and training curriculum for incoming cadets, students and personnel of the relevant public safety agencies that addresses the needs of the Departments, and complies with requirements of the Reform Agreement and Act 20, including but not limited to:
    - i. Training of new recruits: at least 900 hours of pre-service training in accordance to Reform Agreement;
    - ii. Training and certification of instructors (instructors need to be recertified every other year in courses related to perishable skills);
    - iii. Offer complementary and/or alternative courses associated but not limited to: targeted and specialized training, recertification of personnel, continued education and other professionalization courses.
  - Provision of Equipment: Purchase and maintenance of equipment for instruction (i.e.: licensed fire arms, vehicles, computers permitted ammunition, chemical agents, books, software licenses, among others).
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- Student Financial Aid Model: Maintain the necessary or desirable licenses and accreditations to ensure student eligibility for federal and other available grants and other forms of financial aid including but not limited to Title IV (Pell Grants), subsidized and unsubsidized loans, institutional award programs and other grants from government agencies. Implement student education funding programs, without recourse to the Departments or any other Government instrumentality, that result in broadening access to potential cadets, students and professionals; and identify grant proposals for certification and recertification programs for which the Departments may apply.
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## PART B: SERVICE DELIVERY OPTIONS

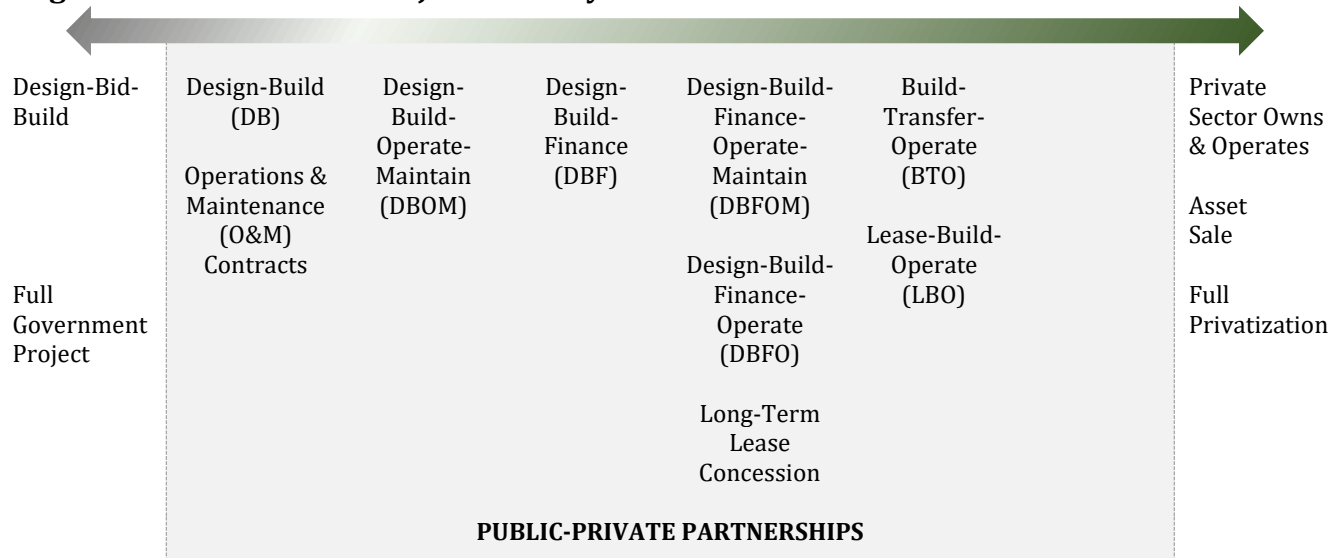
The Government has at its disposal a series of project delivery methods that can be applied to execute the Proposed Project. Infrastructure or Government service projects can be executed using different types of project delivery methods. Project delivery refers to the process employed by project owners to procure, execute and complete a building facility or other type of project or service. A comprehensive process for project delivery consolidates multiple project functions such as procurement, planning, design and construction. Under a P3 scenario, such a comprehensive process also may include the functions of financing, operations and maintenance, and handback of the facility to the public sector upon expiration of any P3 service arrangement.

Choosing a project delivery method is one of the fundamental decisions that project owners, in this case the Government, have to make when determining the optimal way of executing a project. This section of the Desirability and Convenience Study lays out an analysis of different project delivery methods that may be most suitable for the Proposed Project.

### B.1 Project Delivery Continuum

Project delivery methods can be placed in a continuum that ranges from traditional delivery methods involving no private sector participation to full private projects. P3 delivery methods fall in between the two extremes and provide delivery options with varying degrees of public and private sector participation in proposed projects. The figure below provides a diagrammatic representation of the project delivery continuum.

**Figure 3: Continuum of Project Delivery Methods**





The figure above clearly denotes how project delivery options can include higher degrees of private participation or risk responsibility. It is critical that the Government selects a project delivery method for any Proposed Project under a P3 arrangement that makes an optimal transfer of suitable project risks to the private sector while maximizing mutual benefits. The optimal project delivery method is the one that produces the higher value for money for taxpayers and the Government while representing a commercially viable project for the private contractor.

## **B.2 Service Delivery Options Comparison**

Identifying the optimal delivery method for the Proposed Project requires a comparative analysis of the procurement methods available to the Government. Methodologies utilized as part of this analysis are based on generally accepted principles used by public jurisdictions when evaluating the case for investment and the various approaches to project delivery.

This section describes certain project delivery options that may be available for the Proposed Project. This analysis focuses on two main project delivery options:

- Design-Bid-Build (“**DBB**”); and
- Design-Build-Finance-Operate-Maintain (“**DBFOM**”).

The high-level qualitative analysis that follows seeks to identify which delivery method is best suited to deliver the Proposed Project, and hence, likely to yield value for money for taxpayers.

## **B.3 Design-Bid-Build**

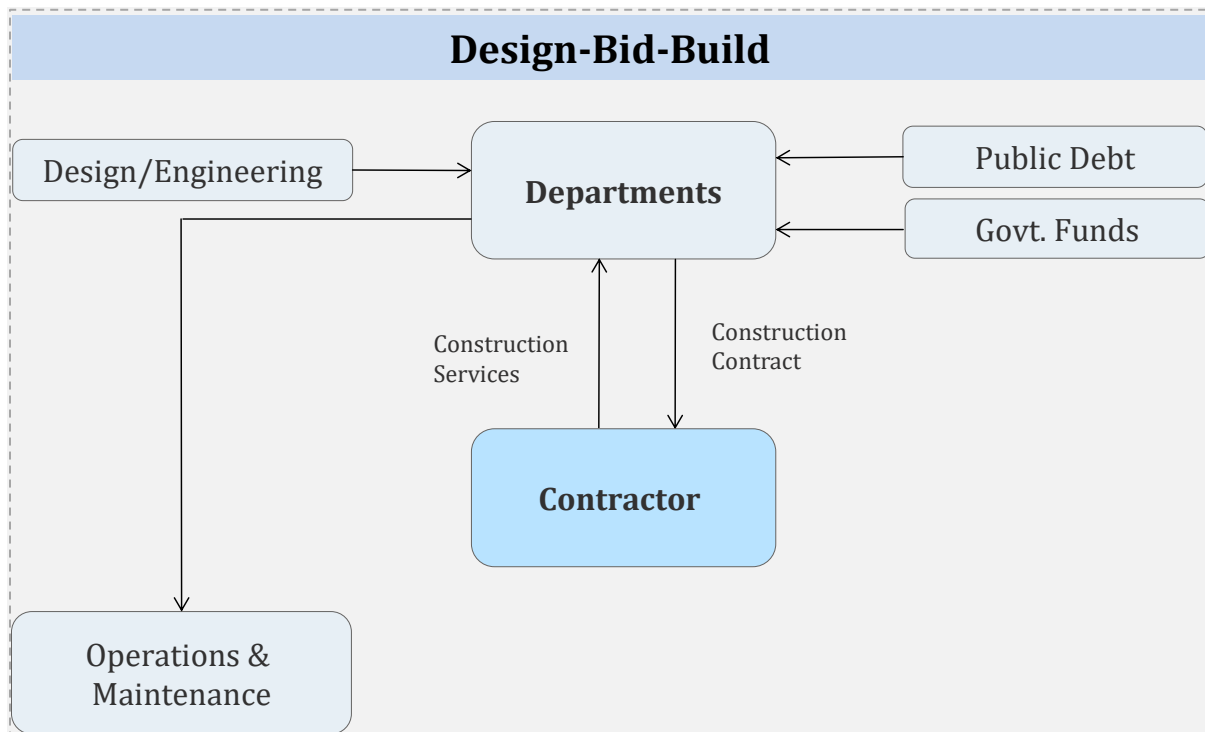
The Design-Bid-Build option is a traditional project delivery method in which the Departments would be required to separate contract for the design and the construction of the necessary facilities and thereafter establish, operate and maintain the consolidated Public Safety Training Center to provide the academic training program mandated by Act 20 using government funds. In other words, the design-bid-build scenario is equivalent to ‘business as usual’ where Government continues to carry all responsibilities and risks of delivering the Proposed Project. This traditional service delivery model likely would result in increased strains on the public treasury as a result of the increased costs to meet the requirements of Act 20 by upgrading, developing and maintaining the Public Safety Training Center and additional equipment, technology, trainer salaries and academic curriculum development costs associated with the operation of the facilities. It is estimated that the Departments spend an average of \$9 million to train its entry-level cadets. These government costs are likely to increase in the future if the Proposed Project is delivered under a traditional method due to salary increases for faculty and entry-level cadets, increasing overhead and benefit costs, cost-of-living increases and inflation, and the costs

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associated with developing and implementing revised training programs as required by Act 20 and the Reform Agreement.

The figure below represents the design-bid-build delivery model.

**Figure 4: Allocation of Project Risks under the Design-Bid-Build ('Business as Usual') Model**



The Design-Bid-Build or 'business as usual' maintains the majority, if not all, the risks of the project in the Government, thus, impeding any transformative change in the way law enforcement and public safety training is provided and increasing costs for Government. In addition, under this business as usual model, the Proposed Project could be subject to political interference and lack of management continuity given that the education and trainer provider is not an independent entity but rather part of the Government bureaucracy, which can be subject to periodic changes in the management teams of the Departments and potential policy changes upon a change in governmental administration.

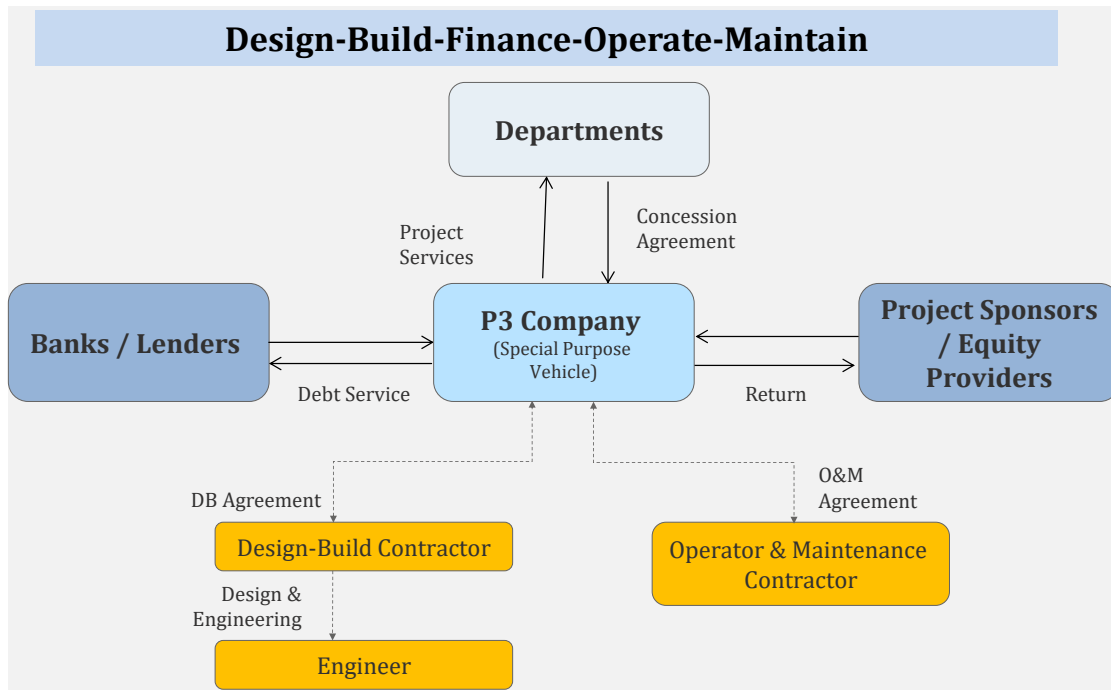
Under the Design-Bid-Build model, the Departments have only a limited ability to transfer key project functions to the private sector. Therefore, this delivery method may not provide the ability to realize net cost savings and introduce private sector practices and innovations in establishing the Proposed Project.

### B.4 Design-Build-Finance-Operate-Maintain

Under a P3 delivery approach to the Proposed Project, the Government would seek to transfer certain project responsibilities and risks to a P3 Contractor in exchange for the right to charge lease or access fees for the right to use public property to provide the services. The establishment of the proposed consolidated Public Safety Training Center would include upgrading physical facilities with modern technology and adapting the training spaces to support tactical security training, among other improvements. In addition, the Proposed Project would require the design, establishment and implementation of updated law enforcement and public safety training and educational programs to ensure compliance with Act 20, the Reform Agreement and general professionalization goals for the Departments. The P3 Contractor would be a certified by the Middle States Commission of Higher Education, among other qualifications. Under a P3 project delivery method, the Departments would be able to transfer these project risks to a P3 Contractor, thus maximizing the odds for obtaining cost savings and tapping into private sector practices and innovation. Specifically, a design-build-finance-operate-maintain (“**DBFOM**”) structure is a P3 delivery method that shifts significant project risks to the P3 Contractor and is aligned with the goals and potential benefits of the Proposed Project as presented in the Unsolicited Proposal. More importantly, the DBFOM delivery method is likely to result in a real transformation in the provision of law enforcement and public safety training and education in Puerto Rico.

The figure below represents the design-build-finance-operate-maintain delivery model.

**Figure 5: Allocation of Project Risks under the DBFOM Model**



The DBFOM option allows the Government to transfer the following project risks to the P3 Contractor:

- **Design:** The prospective P3 Contractor would be responsible for all aspects relating to the design of capital improvements to the Public Safety Training Center facilities. Under the Proposed Project and consistent with numerous DBFOM precedents for similar public infrastructure projects, the P3 Contractor would be expected to bear the design costs and risks of developing, upgrading and improving the physical facilities of the Public Safety Training Center. For instance, the P3 Contractor would have to carry the risk that design development activities cannot be completed on time and on budget. The responsibility for coordination of design documents and construction activities also would be transferred to the P3 Contractor.
  - **Build (Construction):** The Departments would expect the P3 Contractor to provide full construction services for any facilities that would need to be built or upgraded as part of the Proposed Project. In other words, the Departments would transfer construction risks to the P3 Contractor in accordance with the approved design. All of the risks associated with construction completion, including delays, budget shortfalls and construction defects, would be borne by the P3 Contractor.
  - **Financing:** As part of the Proposed Project, the P3 Contractor would be responsible for funding and financing the Proposed Project and would be encouraged to utilize innovative financing solutions. The Departments do not plan to provide funding or subsidies to the Proposed Project under the P3 delivery model at any time and thus funding and financing the Proposed Project is a risk solely to be borne by the P3 Contractor. In addition, the P3 Contractor would be responsible for implementing and maintaining accessibility to student financial aid options that effectively supports access to higher and professional education for the employees and employee-candidates of the Departments. Financing risks include but are not limited to expenses associated with obtaining financing, fluctuations in interest rates and credit spreads.
  - **Operations and Maintenance:** As part of the Proposed Project the Departments would transfer the operations and maintenance functions to the P3 Contractor, who would be responsible to provide day-to-day operations of the Public Safety Training Center. Operational responsibilities include the management of the facilities such as ensuring proper functioning and availability of premises, classrooms, study areas, technology and equipment, and training areas. In addition, operational responsibilities also would include developing and implementing an adequate and comprehensive education and training curriculum for the relevant public safety bureaus that addresses the needs of the Departments and complies with requirements of the Reform Agreement and Act 20. With respect to maintenance, the Proposed Project contemplates that the P3 Contractor would be responsible for conducting and managing repairs, preventive maintenance of facility elements such
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as air-conditioning systems and controls and implementing energy management systems, among other things.

The DBFOM delivery method allows for greater transfer of suitable project risks to the private sector, which is likely to result in increased public savings, management continuity and integration of private sector practices and innovations to support the necessary transformation of public safety training and education in Puerto Rico.

## **B.5 Project Precedents with Public Safety Education and Training in other States**

Historically, the Government of Puerto Rico has occupied the field of law enforcement and public safety education and training to entry-level officers for the Departments. The Government has been the main, if not the sole, provider of this type of education and training. The Proposed Project represents a departure from this Government-dominant model to one that is more open to private sector expertise and collaboration. In other words, the Proposed Project is a step in implementing institutional reform to the training and educational programs offered to law enforcement and public safety employees.

Other states in the U.S. have embraced different ways of providing education and training to entry-level officers that are open to collaboration and innovation from the private sector.

To analyze the suitability of the Proposed Project under a P3 project delivery method, it is helpful to assess whether there are positive precedents for the Proposed Project under similar models. The Proposed Project and risk allocation has precedents in the market that can be highlighted as successful examples. Below is a list of the most relevant project precedents that are presently in operation and that involve public safety training which is provided by either private academic facilities or state-affiliated training centers:

<b>Institution</b>	<b>Description</b>
<b>Allan Hancock College Public Safety Training Complex (California)</b>	The Public Safety Training Complex at Allan Hancock College serves students enrolled in the college's public safety programs and additionally provides specialized and customized training that meets the needs of local, regional, state, national and international public agencies and private industries. The Complex is built on 68 acres and includes a state-of-the-art facility that serves as a premier training location for Fire, Law Enforcement, EMS and Environmental Health and Safety.
<b>Indian River State College Treasure Coast Public Safety</b>	The Treasure Coast Public Safety Training Complex at Indian River State College (IRSC) is a comprehensive and technologically advanced public safety training facility. The Complex offers 18 programs that include Bachelors and Associate degrees, as well as technical certificate programs. The Complex sits on a 50-acre

<b>Training Complex (Florida)</b>	site and includes eight buildings that are also home to advanced training for regional first responders.
<b>Valencia College (Florida)</b>	Valencia College's Criminal Justice Institute is certified by the State of Florida's Criminal Justice Standards and Training Commission to deliver all Commission-approved curricula to law enforcement, correctional and correctional probation officers in Florida. The Criminal Justice Institute is a regional training center for Orange County (which includes Orlando) that serves over 45 organizations, including state law enforcement agencies, Department of Corrections, Department of Juvenile Justice and numerous county, municipal, regional and international agencies.
<b>Monroe Community College Public Safety Training Facility (New York)</b>	The Public Safety Training Facility (PSTF) at Monroe Community College is a regional emergency training complex for police, fire and emergency medical personnel located in Rochester, NY. The PSTF offers training programs in Aircraft Rescue and Fire Fighting, Emergency Medical Technician, Fire Protection Technology and Law Enforcement.
<b>Montgomery County Public Safety Training Campus (Pennsylvania)</b>	The Montgomery County Public Safety Campus (MCPSC) is part of the Montgomery County Community College. MCPSC provides classrooms, training and other support facilities for the Fire Academy, Emergency Medical Services Training Institute, Law Enforcement division, Hazardous Materials Response Team and the Sheriff's Department Bomb Disposal Unit. The MCPSC also serves as a training campus for the Municipal Police Academy, Police In-Service training program and Fire Science classes. The Montgomery County Sheriff Department stages its Bomb Disposal Unit at the training campus as well.
<b>Georgia Public Safety Training Center (Georgia)</b>	The Georgia Public Safety Training Center (GPSTC) serves as the state's premier training facility for all state and local public safety-related units of government, including police officers, firefighters, 911 operators, coroners, emergency management officers, rescue officers, jail officers and other emergency service personnel. The GPSTC offers hundreds of courses for personnel of all levels across multiple fields of expertise.
<b>Fox Technical College Public Safety Training Center (Wisconsin)</b>	The Public Safety Training Center is part of Fox Valley Technical College and provides tactical training for students and public safety professionals. The PSTC is used to provide training on public safety tactics, investigation, firefighting, technical rescue, pursuit and air disasters, among other disciplines.

There are numerous project precedents that serve as proven evidence of successful P3 projects similar to the Proposed Project. In addition, there are favorable comparative frameworks from other U.S. states. Together, the project precedents and favorable state level

frameworks lend the basis to consider that similar projects have being successful in other states of the U.S.

The State of Florida offers a relevant comparison of a state-wide framework that maximizes collaboration, optimizes Government resources and funds and provides a platform for continued enhancement of law enforcement and public safety education. Ultimately, project precedents and favorable frameworks provide lessons learned that can be followed, which increases the possibility of successful Project implementation.

## **CASE STUDY:**

### **POLICE AND CORRECTION OFFICERS EDUCATION AND TRAINING IN THE STATE OF FLORIDA**

In 1986, the State of Florida established the Criminal Justice Standards and Training Commission ("Commission") to provide mandatory law enforcement training and education through public and private training schools that are not part of the Florida Department of Law Enforcement ("FDLE").

The Commission is a 19-member commission appointed by the Governor. The Commission is organized and operates under the FDLE. The FDLE provides services in the program areas of Executive Direction and Business Support, Criminal Investigations and Forensic Science, Florida Capitol Police, Criminal Justice Information Services, and Criminal Justice Professionalism. The Commission's activities are governed by relevant sections of the Florida statutes and administrative code. The main functions and responsibilities of the Commission include but are not limited to:

- Establish uniform minimum standards and curricular requirements for the employment and training of all law enforcement and correctional officers.
- Certify approximately 30 Training Schools (State and Private) that are authorized by the Commission to provide the actual training and education at their facilities.
- Certify officers who complete a Florida Basic Recruit Training Program, or who are diversely qualified through experience and training, and who meet minimum employment standards.
- Certify individual instructors employed by such training centers.
- Enforce standards of conduct for law enforcement officers as part of FDLE's Criminal Justice Professionalism Program.
- Conduct studies of compensation, education, and training for the correctional, correctional probation, and law enforcement disciplines.
- Develop, maintain, and administer the State Officer Certification Examination for criminal justice officers.

The FDLE and the Commission work with third-party providers of law enforcement education and training, whose complementary service allow for a robust academic and training platform that in turn significantly contributes to the continued professionalization of law enforcement officers. The state and private higher education institutions are responsible to provide the following:

- Entry-level and continuing training and education to all law enforcement and correctional officers, and
- Ensure minimum qualifications required for all law enforcement and correctional officers including the completion of the Commission-approved basic recruit training programs.

The State of Florida provides a valuable comparison of a framework that integrates the private sector expertise while optimizing public funds and time of officers and personnel.

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### ***B.3 Potential Benefits of the Florida Public-Private Partnership Model***

As summarized in the Case Study above, the State of Florida relies on collaboration between the public sector and private sector to provide the mandatory training and education that is required for law enforcement and correctional officers in Florida. Under Florida law, any candidate for a public law enforcement position is required to complete the basic recruit training program (and any continuing education requirements) that are offered by criminal justice training schools that have been certified by the Criminal Justice Standards and Training Commission (“Commission”).

As noted in the table above, Valencia College’s Criminal Justice Institute is certified by the Commission to provide criminal justice training in accordance with curricula approved by the Commission. Dr. Jeffrey Goltz, Director of Public Safety at Valencia College’s Criminal Justice Institute, has conducted extensive research about the applicability of the Florida model to Puerto Rico with his finding being published in academic journals such as the International Journal of Public Policy and the Western Journal of Criminal Justice.

Dr. Jeffrey Goltz has concluded through his research that the Florida public-private partnership model of having public safety training provided by academic institutions in accordance with uniform standards established by an independent government commission similar to the Commission would be the most effective and sustainable way to transform the public safety training and education framework in Puerto Rico.

## **PART C: PROCUREMENT OPTIONS ANALYSIS**

This section of the Study analyzes the potential costs and benefits of the Proposed Project based on the applicable statutory criteria set forth in Section 7(b) of the Act.<sup>1</sup> The Unsolicited Proposal has been analyzed with considerations regarding two over-arching scenarios – the Status Quo Scenario and the P3 Scenario.

### **C.1 Status Quo Scenario**

The Status Quo Scenario is defined as not making any further changes to current setup. This entails the same costs, procedures and personnel as currently in operation. The Government is assumed to continue to incur costs as in current operations and maintain the status quo with regard to the professionalization of officers for the Departments. This scenario does not

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<sup>1</sup> As specified in the Act and the Regulation, the Authority is not required to address each and every topic set forth in Section 7 of the Act in each Study and has the discretion to determine which topics are relevant to the Proposed Project under consideration.

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require further due diligence around financial costs or benefits. Scenario 1 does not utilize the current potential to benefit from cost savings.

## C.2 P3 Scenario (DBFOM)

Not all expenses relating to the professionalization of the Puerto Rico Police would be covered by the third party in the P3 Scenario. The envisaged activities covered by the third party for the DPS Training Program would include:

- Training of new recruits
- Maintenance of facilities
- Training and certification of instructors
- Purchase of materials for instruction
- Purchase of maintenance equipment for instruction

The activities that would not be covered by the P3 Contractor for the law enforcement and public safety education and training would include:

- Police officer recruitment
- Field training

Based on a review of the functions that are transferable to a potential P3 Contractor, the analysis assumed that 45% of the average expenses associated to Departments' academies may be allocated to a P3 Contractor. This assumption can vary depending on a series of factors but it is considered to be reasonable.

Estimation Item	Estimation*
Status Quo Average Expense of Professionalization (sum of Police Dept. Academy & DCR Academy)	\$9,168,269
Expense Transferrable to P3 Contractor	\$4,125,720
New Government Expense Base Under P3 Scenario	\$5,042,548

\* Data provided by the Departments and average calculation takes into consideration fiscal years 2013-2014 and 2016-2017 for which data are fully available.

The P3 Scenario can yield \$4.1 million in savings to the coffers of the Departments while generating significant benefits in the professionalization of entry-level employees or candidates for officers.

From a public budgetary standpoint, the P3 Scenario is more favorable to the Government than the Status Quo Scenario because it should enable the Departments to develop the Public Safety Training Center and the associated law enforcement and public safety training

program at a reduced cost to the public treasury. Moreover, from the standpoint of meeting the requirements of Act 20 and improving the public safety training provided to the entry-level employees, the P3 Scenario provides the opportunity to leverage existing private sector expertise, technology, equipment, knowledge and other resources to develop more reliable, consistent and uniform training programs. Moreover, the P3 Scenario should make additional training resources available for other employees of the public safety and law enforcement agencies in Puerto Rico.

Below is a table that compares the level of compliance of the two project delivery options with respect to the benefits and objectives of the Project.

<b>Project Objectives</b>	<b>Status Quo</b>	<b>P3 Scenario</b>
Develop consolidated Public Safety Training Center	Maybe	Yes
Develop public safety training program which meets Act 20 requirements	Maybe	Yes
Improve quality, consistency and uniformity of public safety training program	Maybe	Yes
Incorporate latest technological advances and best practices into public safety training program	Maybe	Yes
Reduce overall public cost of developing the consolidated Public Safety Training Center	No	Yes
Reduce overall public cost of providing the public safety training program required by Act 20	No	Yes
Make additional public safety training opportunities available to government agency personnel	Maybe	Yes
Reduce exposure to the current fiscal situation in Puerto Rico	No	Yes
Provide opportunity for a boost in local economic activity	No	Yes
Leverage private sector expertise in law enforcement and public safety training, technology and education management	No	Yes

Result in potentially negative economic and social impacts on entry-level job candidates (if such candidates are required to pay tuition costs and forego salary/benefit payments during training period)	No	Maybe
Result in potentially negative economic and social impacts on existing government agency employees that provide public safety training today	No	Maybe
Implement real institutional reform related to law enforcement and public safety education and training and professionalization	No	Yes

The P3 Scenario is designed to have positive economic and social impacts for the citizens and residents of Puerto Rico. From an economic standpoint, the Proposed Project should enable the DPS to comply with the legislative mandate of Act 20 while reducing overall training costs from its budget. Similarly, the DCR should be able to reduce its annual training costs under the P3 Scenario. There also may be indirect public treasury savings from the P3 Scenario as a result of improved public safety training provided by the P3 Contractor from a possible reduction in legal claims against the government agencies, more cost-effective insurance coverage, and improved property, plant and equipment management.

From a social impact standpoint, the P3 Scenario should enable the Departments to provide uniform, reliable and consistent public safety training and specifically for DPS, as mandated by Act 20 using state-of-the-art facilities, technology and equipment at the centralized Public Safety Training Center that will be developed by the P3 Contractor. The P3 Scenario also presents the opportunity to transform the public safety training and education paradigm in Puerto Rico through sustained collaboration between the public sector and private academic institutions. The resulting positive social impacts should extend to the citizens, residents and visitors of Puerto Rico in the form of more reliable, consistent and effective law enforcement and public safety services.

From a technical and financial standpoint, the P3 Scenario appears to be feasible and achievable within the short-term. In addition, the P3 Scenario appears to be achievable from an operational and technological risk standpoint. The involvement of existing higher education institutions which already provide similar law enforcement and public safety training and education and have some of the equipment, technology and facilities necessary to develop the Public Safety Training Center, increases the probability of operational and technical success under the P3 project delivery model.

The P3 Scenario supports several of the public policy goals identified in Article 3 of the Act, including the allocation of infrastructure facility development and maintenance risk away from the public and to the private sector, the improvement of public safety services rendered

to the public, greater local business participation in public projects (including the acquisition of goods and services from businesses located in Puerto Rico), and collaboration with local higher education institutions in the evaluation, oversight and execution of projects.

Finally, the P3 Scenario meets many of the public policy goals identified in Article 3 of the Act, including the goal of increasing local business and local education provider participation in the provision of public goods and services.

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## PART D: AFFORDABILITY ANALYSIS

Part C determined that a public-private partnership delivery method represents greater benefits for the Departments and the Government than the Status Quo or Design-Bid-Build method. However, the potential budgetary impact on further entry-level employees must also be analyzed. The P3 Scenario entails transferring certain expenses out of Government and to the P3 Contractor. This transfer of expenses implies that the Departments would only pay a portion of tuition costs (portion associated to non-transferrable courses) and a portion of payroll costs to entry-level employees. Under the P3 Scenario, the entry-level employees or employee candidates would be required to pay certain tuition fees for which student grants and other financial aid programs are available. This section analyses if the P3 Scenario is 'affordable' for entry-level employees or officer candidates.

The P3 Scenario would generate savings to the Departments, thus, it is considered to be affordable from the Government perspective. However, the transfer of functions and expenses under the P3 Scenario is likely to reach the entry-level employees and / or candidate for officers. These entry-level employees or candidates will receive higher quality education and training provided by a Middle States Commission certified institution, which can have a higher cost per class but that at the same time can be covered the Federal Pell Grants Program and other forms of student financial aid mechanisms.

A basic affordability assessment was undertaken to ensure the P3 Scenario can be accessed by entre-level employees and candidates for officers, among others, without representing an onerous financial burden. The table below includes average costs for private college courses in Puerto Rico compared to the 2018-19 maximum Pell Grant award limit per semester.

Estimation Item	Estimation*
Average cost per credit in private colleges in Puerto Rico	\$200.00
Full amount of credits covered by Pell Grant per semester	12
Total costs of academic credits per semester	\$2,400.00
Average tuition fees of private colleges in Puerto Rico per semester	\$460.00
<b>Average total tuition cost per semester</b>	<b>\$2,860.00</b>
<b>The maximum Federal Pell Grant award per Semester for the academic year 2018-19</b>	<b>\$3,047.50</b>
<b>BALANCE</b>	<b>+\$187.50</b>

\* Average costs of private colleges based on sampling of Polytechnic University, Sacred Heart University, InterAmerican University, Ana G. Mendez University System and Pontifical Catholic University of Puerto Rico. Pell Grant information and award limit levels from the U.S. Department of Education (<https://studentaid.ed.gov>).

The assessment above shows that entry-level employees and law enforcement and public safety students would be able to cover the costs of tuition related to full load semester with assistance from the Federal Pell Grant Program. The Federal Pell Grant Program is a financial aid program awarded to undergraduate students who have exceptional financial need and who have not earned a bachelor's, graduate, or professional degree; in some cases, students enrolled in a postbaccalaureate teacher certification program may receive a Federal Pell Grant.

Students in higher education institutions in Puerto Rico have shown high levels of eligibility to the Federal Pell Grant Program. Typically, over ninety (90%) of college-level students in Puerto Rico are eligible to full benefits of the Federal Pell Grant Program.

This assessment shows the P3 Scenario is not only affordable from the Government perspective but also affordable for entry-level employees and law enforcement and public safety students in general.

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## CONCLUSION

The Study concludes that the Proposed Project under the P3 Scenario is consistent with the objectives of the Departments and complies with the Reform Agreement and Act 20. Moreover, the Proposed Project delivered under a P3 Scenario can yield savings to the Departments and provide real transformational change in the professionalization of police and correctional officers in Puerto Rico. Furthermore, the Proposed Project under a P3 Scenario is consistent with state and project precedents with advanced professionalization programs. From the affordability perspective, the P3 Scenario appears to be affordable for Government and future entry-level employees of the Departments.

Despite that the P3 Authority will continue to conduct further analysis of the Proposed Project, this Desirability and Convenience Study finds the Proposed Project under a P3 Scenario to be advisable for the Government.

## NEXT STEPS

It is anticipated that formal procurement will commence the fourth quarter of 2018 with the issuance of a RFQP. The shortlisting, Request for Proposals and subsequent project award will be executed in the first half of 2019. The table below summarizes the expected timeline of the Project. The expected dates listed below are subject to change.

Action/Event	Date
<b>Release of Desirability and Convenience Study</b>	October 23, 2018
<b>Deadline for Submitting Public Comments</b>	November 26, 2018
<b>Issue Request for Qualifications/Proposals (RFQP)</b>	December 14, 2018
<b>Receive Submission of Qualifications Stage</b>	January 30, 2019
<b>Shortlisting Announced</b>	February 8, 2019
<b>Final RFQP Released for Proposers</b>	March 8, 2019
<b>Due Date for Proposals</b>	May 23, 2019
<b>Project Award</b>	Week beginning June 10 <sup>th</sup> , 2019