

**35th Legislature of the Virgin Islands
Committee on Government Operations, Veterans
Affairs and Consumer Protection**

The Honorable Carla J. Joseph, Chairperson

**Testimony on Bill No. 35-0058, an Act amending Title 29, Virgin
Islands Code, to add a Chapter 25 to enact the Public-Private
Partnership Agreement Act**

Dionne Wells-Hedrington, Ed.D.
Commissioner of Education
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THE VIRGIN ISLANDS DEPARTMENT OF
EDUCATION



Good-day and greetings to the Honorable Carla J. Joseph, Chairman of the Committee on Government Operations, Veterans Affairs and Consumer Protection; Bill sponsor, Senator Marise C. James; other Committee Members, other Senators present, and my fellow Virgin Islanders. I am Kemo Smith, Deputy Commissioner for Fiscal and Administrative Services, appearing before you on behalf of Dionne Wells-Hedrington, Ed.D., Commissioner of Education. My presence today is to provide testimony on Bill No. 35-0058, an Act amending Title 29, Virgin Islands Code, to add a Chapter 25 to enact the Public-Private Partnership Agreement Act. Present with me today are:

- Ms. Khadila Joseph, Territorial Director of Procurement, and
- Ms. Chaneel Callwood, VIDE Architect.

The Virgin Islands Department of Education (VIDE/the Department) expresses general support for the implementation of Public-Private Partnerships (P3) in our public-school districts. Our focus is on comprehending the benefits and challenges associated with P3s and tailoring them to meet the specific needs of the Department. This legislation proposes a framework for positive impacts that well-structured P3 initiatives can have on educational institutions and the communities they serve to include:

- Enhanced Infrastructure Development;
- Innovative Educational Programs;
- Financial Efficiency and Risk Mitigation;
- Community Engagement and Inclusivity; and
- Flexibility and Adaptability.

Enhanced Infrastructure Development: P3 arrangements enable public school districts to access private sector expertise and funding for the development and maintenance of critical infrastructure. This is particularly crucial as the Department faces challenges in maintaining and



upgrading their facilities due to limited public funding, the advanced age of buildings, deferred maintenance, etc. By partnering with private entities, the Department can leverage its resources to create state-of-the-art learning environments that contribute to the overall well-being of students.

Innovative Educational Programs: P3 initiatives can open doors to innovative educational programs and technology integration that might otherwise be financially burdensome for the Department. Collaborating with private partners can bring cutting-edge resources, digital tools, and curriculum enhancements, fostering a more dynamic and engaging learning experience for students.

Financial Efficiency and Risk Management: P3 models often involve risk-sharing mechanisms, where the private sector assumes certain project risks. This not only provides a financial buffer for the Department but also ensures that projects are completed on time and within budget. By sharing both the risks and rewards, P3 arrangements incentivize efficiency and long-term success.

Community Engagement and Inclusivity: P3 initiatives encourage community engagement by involving local businesses and stakeholders in the public education sector. This collaboration fosters a sense of ownership and shared responsibility for the success of the Department. It can also lead to the creation of apprenticeship programs and job opportunities, benefiting the local economy.

Flexibility and Adaptability: In an ever-changing educational landscape, flexibility is paramount. P3 agreements can be structured to adapt to the evolving needs of public schools, allowing for adjustments in project scope, technology upgrades, or changes in educational strategies.



VIDE RECOMMENDATIONS:

Bill 35-0058 provides, and the Department concurs, that the Government may only approve projects if:

- (i) the project addresses a public need;
- (ii) the estimated cost of the project is reasonable compared to similar projects; and
- (iii) the private entity's plan will result in timely acquisition, design, construction, maintenance and operation of the project.

Before any comprehensive agreement is signed, the bill requires the Government to get an independent audit of the proposed P3 agreement to include an assessment of the projected usage and public costs, engage consultants and experts at any point in the process to assist with evaluation, negotiation, etc.; consider financing plans, etc.; and if a proposal was unsolicited, also require the private entity to obtain a technical study from a nationally recognized expert with experience in preparing analyses for bond rating agencies.

While not explicitly outlined in Bill No. 35-0058, the VIDE recommends considering the inclusion of tax incentives and benefits for private entities engaging in P3 agreements within the education sector. Such incentives can serve as a catalyst for increased private sector participation, ultimately benefiting the Department through enhanced project viability and innovation. The VIDE also recommends the definition of P3 projects and the establishment of qualifying criteria to delineate specific types of P3 relationships. The current bill seems to predominantly focus on economic development and capital projects, necessitating further clarification for enhanced precision and more inclusion in the process.



Implementing successful P3s requires addressing challenges such as funding models, equitable access, quality assurance, and regulatory frameworks. The Department believes in the importance of stakeholder consultations, sharing best practices, and knowledge exchange forums in overcoming these challenges.

In closing, VIDE proffers that while Bill No. 35-0058 represents a viable approach to addressing some of the challenges faced by the Department, **collaboration** is key to success within any GVI agency. As the Department of Property and Procurement (DPP) has statutory authority for the general management and controls the acquisition and procurement of all property and non-personal services, as well as the management and disposition of all government real property and assets, we fervently believe further collaborative discussion with DPP will benefit the overall success of this legislation. The end result may be the harnessing of the strengths of both the public and private sectors, which would allow VIDE to create a more resilient, innovative, and student-centric educational system that prepares our youth for the challenges of the future.

Thank you for the opportunity to testify on this proposed legislation, and for your time and consideration. We stand prepared to answer any questions.