

February 5, 2011

Hon. Lornna J. Soto Villanueva
Senado de Puerto Rico

Dear Senadora Soto Villanueva,

Thank you very much for taking the time to speak with me during the hearings in Vieques. It was a pleasure to meet you and your husband. As you requested, I am sending this letter to you to begin a file on this subject and hopefully correct a long standing injustice to the people of Vieques.

The attached document provides information and suggestions regarding the ferry system as it might be modified under a PPP. If the current system is maintained as a pure government operation (no PPP), then a consumer board should be constituted to provide similar checks and balances described on the government operation.

I have been visiting Vieques since 1973. I love this island and love living in Puerto Rico. However, ***something is terribly wrong with the relationship between Vieques and the Commonwealth.***

Since becoming a full time resident six years ago, I have come to realize that Vieques is treated like the bastard stepchild, or as my friends and neighbors say: "the tail of the dog". It truly hurts to see our citizens discriminated against and abused. I'm upset about the way we are treated by our own government, the people who are supposedly working for our benefit.

Naturally, life on a small island comes with limitations and inconveniences associated with the difficult logistics of transporting people and cargo back and forth. While the isolation can be a hassle, it also contributes to the quality of life one enjoys away from the hustle and bustle of more main stream communities. As our Commonwealth becomes more and more socialistic, our citizens develop greater dependence on government to provide services and opportunities. Progress had been made to offer some of these services in Vieques, but under the current economic situation, cutbacks have caused the closing of local offices and many, many government offerings and demands require visiting offices located throughout Isla Grande.

Our road to government offices passes through 26 miles of ocean. This road is barely accessible, and we are totally dependent on the ATM. **The entire ferry system (ATM) is now, and has been, so totally mismanaged that it has almost single-handedly crushed the economy of Vieques and is dashing the hopes for our future.**

There is total consensus that the future of Vieques is fundamentally rooted in tourism (we have absolutely nothing else), and to that end, we need to develop our island's infrastructure and amenities in a sustainable manner. We want to improve our quality of life without losing our way of life or damaging our natural resources. Unfortunately, the current cargo ferry system makes this utterly impossible. ***Under the long-term, government enforced embargo, the shipment of goods and vehicles between Vieques and Isla Grande has been so constrained that our community is not economically viable.*** The extreme restriction of cargo services denies us the ability to live normal lives, start and run businesses, and grow the community as we see fit.

The fact that the cargo services to Vieques are a fraction of what is needed is incontestable: Vieques has a permanent population of about 10,000 people plus part time residents and tourists. We are allocated only 15 cargo ferries per week to supply all of the island's needs. In comparison, Culebra with a population of approximately 2,000 plus tourists is allocated 12. The math reveals the obvious intent of the authority.

Culebra cargo ferries are generally full, so the problem is not that Culebra has too many ferries. The problem is that Vieques is totally underserved. Using the same ratio of ferry trips to population, Vieques should have 60 trips per week! When the Vieques II passenger ferry was taken out of service last summer, the ATM used cargo ferries in its place. This action effectively doubled cargo capacity. Despite random scheduling, the cargo ferries filled up to instantly absorb the extra capacity. This incident made a dramatic positive improvement on our abilities to do business with the main island and to economically visit government and medical offices. We would have been overwhelmingly pleased if this level of ferry support were to have continued, but of course, it ended after 7 weeks.

We have one of the highest unemployment levels in Puerto Rico. We cannot create jobs for our residents or start and run businesses without adequate cargo service. We have lost existing jobs because the ferry system did not offer the capacity to export containers of materials under federal contract. Growth of existing businesses is constrained, and starting new businesses that require the regular delivery of products and/or materials is generally impossible under our allocation of ferries.

As our government and medical services are cut back on Vieques and moved to big island locations, we cannot afford to rent cars every week to make repeated visits to offices and clinics. Many locals without credit cards and students currently cope with very lengthy and circuitous routes of public transportation. A simple visit to a doctor or government office burns a day of work.

Household goods, food, fuel, building materials, services, etc. are only available here in limited quantities and with limited selection. Monopolies are the rule.

Monopolies form for one of two reasons: either there is inadequate market support for multiple competitors or the existing merchant works to prevent competition from gaining access to the market. In either case, Vieques suffers from higher prices, reduced customer service, and inadequate product availability. **Without competition there is no advertising. Without advertising, there is no newspaper. Without a newspaper, we are kept in the dark: divided and conquered.**

Shopping (business or personal) for products that are not available in Vieques or are grossly over-priced requires access to the ferry for our cars. Is it reasonable that round trip reservations must be made **months** in advance if permitted at all?

The core cause of the issues outlined above is INADEQUATE CARGO FERRY SERVICE!

All can see the numbers (15 ferries per week for 10,000 people versus 12 per week for Culebra with 2,000 people) and understand that Vieques is suffering from an embargo. Demands for a bridge by some residents reflect the recognized needs for reasonable access to and from the island. An improved ferry system is one answer at a fraction of the cost.

Just a cursory review of the existing ferry system shows inadequate and inappropriate locations, facilities, equipment, and operations. As a person whose first career was in aviation operations and maintenance, I can cite many, many details of failure here. But, keeping this discussion a “top down”, overall perspective, political management of this technical operation has been a disaster. The ATM demonstrates an appalling lack competence, as well as a lack of sensitivity and concern for the wellbeing of thousands of Puerto Ricans. It is hard to believe that the past operation of the system was anything less than an attempt to punish Vieques for something, or an indication of some criminal scheme by ATM officials and local monopolies.

Basic and immediate improvements could include:

1. Add ferries that carry both passengers and cargo (such as Cayo Largo) to replace the passenger-only boats and to double and triple the cargo/vehicle service.
2. Utilize the Mosquito Pier-Ceiba route for most cargo trips to permit rapid turnaround of the fleet and enable several more cycles per day with the same crews (probably Vieques based) and fuel usage. The added benefit is no in-town truck congestion and rapid loading.
3. Implement a new auto/truck fare structure with nominal rates for vehicles registered in Vieques.
4. Bid out all or part of the ferry service to contractors and/or operate as a partnership with the government – contractor provided services regulated by the government.

Government's role is to provide adequate transportation infrastructure to foster commerce and public access to services. The entire road and highway system of Puerto Rico is provided for these same purposes. The road is not a profit center; it is not a business; and it does not make money. The ferry service required to sustain our island falls into this same category. Federal subsidies from the FTA and others help sustain the ferry operations. Additional grants pay for infrastructure and equipment. There is NO EXCUSE for money issues to be the cause of our dismal service. If government can't do the job, quit! Give the federal subsidy to private companies who bid the routes instead of using **control of the ports to prevent private companies from entering the market.**

This is primarily a top management fiasco causing a systemic collapse and failure. It begs for your involvement and assistance. We are in a period of dire fiscal constraints, but **this issue is a catastrophe for our community and deserves both priority attention and action.**

This issue is so obvious and so memorable that people do not forget it easily (15 for 10,000 versus 12 for 2,000). It is not going to go away until the embargo is lifted.

Thank you very much for your attention to our plight. Anything that you can do to foster a successful, rapid, redesign of a new system of scheduled cargo ferries to help Vieques out of its dismal economic situation and to improve the quality of life for our 10,000 residents will be appreciated and remembered!

Sincerely,

Paul H. Lutton, Arquitecto
HC-01, Box 8301
Vieques, PR 00765-9167

787.741.8083
787.477.7684 Cell

This is an open letter to all of those government that have any influence on the disposition of the ferry services provided to Vieques and Culebra:

With a combined population of about 12,000 people, Vieques and Culebra seem to garner a disproportionate amount of attention than the general population. In these critical times for Puerto Rico (and the world) our piddly little problems provide ongoing headaches to some of the officials who are responsible but unresponsive. We take away energy and focus from other very important issues. We're seen as whiners and complainers. Why? Because our problems are never solved! We're thrown a bone instead of a solution. Our ferry strife is decades old. Give us the solutions, and we will get on with our lives and you with yours.

Yes, our islands have professional protesters (who cut their teeth fighting the Navy) that would protest having nothing to protest. But, this particular fight is, nonetheless, real. We are not suffering from a flesh wound - we're suffering from loss of limbs. Our issues are immediate but not temporary. They require a long term solution. We are uniquely united and are going to do whatever it takes to get access to the main island. We must because we're dieing here. Our backs are up against the wall.

The required solutions are not a big thing financially for Puerto Rico, but they can become a major distraction to the efforts being placed on more important fronts. The former Directors of Transportation and Public Works (Hernandez), the ATM (Santiago), and of ATM Operations in Fajardo (Perez) have delivered very insulting performances in the last several months that we are taking very personally – we are losing jobs and money while they fiddle and openly lie to the public about the situation. Is it time we return the attacks personally as well?

I am requesting your immediate positive action and would further encourage government at all levels in this to keep us **truthfully** informed.

The following pages address issues that could make a PPP work with the ferry service here in Vieques. If this is the plan, a dialogue should begin immediately.

Thank you for your consideration in this effort.

Sincerely,

Paul H. Lutton, Arquitecto
787-741-8083
paul@viequesverde.biz

An Acceptable Public-Private Partnership for Ferry Services to Vieques!

The events of the last several months indicate that the Fortuño administration is going to use a PPP to replace the ATM for ferry services to Vieques and Culebra. The performance of the ATM over the last decade or two has gone from barely tolerable to derelict. Since its inception, the service has failed to consider the needs of the communities it is supposed to serve and has forced its own vision (or lack of it) onto its “customers”. The incompetence at all levels has resulted in a total disintegration of cargo service which has led to the devastation of the local economies. The systemic failure of the organization through to its core is cause for starting over. It is unsalvageable. It’s a teardown. But, what is to replace it?

What about a PPP?

We are a culture that doesn’t trust government. We are cynical because we have seen our politicians lining their own pockets time and time again. We can’t find a single example of a government “business” or service that is operated efficiently or for the convenience of the people. We know that corruption will eventually rule the day with government officials, and we will be right back here at the same place without adequate ferry service. Lobbying for the same issues and getting the same results for decades tells us it would be insane to believe that the outcome will be any different this time or next.

On the other hand, we don’t trust private industry to operate for the benefit of the public good. We in Vieques are even more apprehensive about privatization because most of what we see on the island are monopolistic practices, not real free enterprise. What is not always obvious to our Vieques born and raised population is that these private businesses are not really part of the true free market system – they are monopolies. Due to the government controlled access of the constrained cargo system, competition is squeezed out before it begins. But, the PPP for the ferry services would be a monopoly, too, so why would this monopoly be any better than the ATM government monopoly or just any other business monopoly?

Since the PPP for the ferry service is now only in its formative stages, opportunity abounds to influence the process and the outcome. A PPP is neither a good thing nor a bad thing: its worth is in how well it works, which is controlled by how the initial contract is designed and implemented and by how well the regulatory oversight is performed. A PPP could be established that is no better than what we currently have and maybe worse. However, it could be highly effective, well managed and totally satisfying to the community. The devil is in the details.

The justifications that a government uses to divest or privatize a service or business may include any or all of the following:

1. To provide a service better than the government can do on its own;
2. To lower the expense (or raise the revenue) of a necessary service or operation;
3. To liquidate assets to raise cash;
4. To extract themselves from the cause of discontented voters (public relations nightmares).

History has shown us that creative politicians also have figured out how to generate personal gain from privatization (almost always totally illegally but often hard to prove):

Sell the assets cheap and/or with a flimsy contract for operations that allows the buyer to profit handsomely at public expense. The buyer is usually family, friend, co-conspirator, donor, or other patronizing crook that will reward the politician for his cleverness. Money is the most common compensation, but political favors enter into the picture, too, such as having your boy friend (cousin, mother, ..., whatever) hired by the buyer as the head of accounting, etc. It's sometimes hard to connect the dots, but we've all seen it happen.

If the decision is made to use a PPP for ferry service, the customers are the key stakeholders and will need to be an integral part of the process from early on. They will have many divergent views and will need to be heard. There are numerous areas to be examined, analyzed, discussed and decided upon. As a first cut, I offer the following for consideration and discussion:

Goal: To provide residents, businesses, and tourists frequent, cost effective, hassle free availability of appropriately scheduled transport to and from the main island.

Because of inadequate levels of service for both passenger and cargo operations, decisions as to who or what is offered the limited space available are often made on the basis of a hierarchy: resident over tourist, friend over stranger, cash bribe over regular ticket, resident over business, etc. Boarding decisions should NEVER be made this way. Businesses, tourists, and residents are all integrated into the fabric of our existence. If we bump a tourist for a resident, there goes our customer and our income. Leaving **any** legitimate customer stranded is totally unjustified and reflects poor planning.

The cost should continue to be minimal for residents. The main island is full of roads that cost many billions to construct, but nobody pays directly to use them. This government artery is our road, and we should not be required to pay to access it either. As in many parts of the world, different classes of tickets may be offered. Basic passage could be similar to the seating currently experienced, and the price should remain the same. Upscale passage could be more salon type seating with food and beverage concessions, etc. aimed at tourists, but at a higher cost. The current pricing could actually be profitable for cargo if the short route were to be used. Government subsidizes should continue as needed.

To reduce the anxiety and hassle associated with the use of the system, there are many changes that should be incorporated:

1. Move the cargo ferries out of Isabel Segunda and Fajardo where the roads and other infrastructure are totally inappropriate. It cannot be overstated how ridiculous (and dangerous) it is to be driving fuel tankers and construction monstrosities through the tiny streets of these small towns. Additionally, for any vehicle in Fajardo between 7:45 and 9:00AM it is a nightmare requiring 30 minutes to get from the ferry dock to anywhere due to local congestion. Expedite the use of the short route (Mosquito to Ceiba) to reduce the length and cost of the trip by 75%. Put in any and all required temporary facilities in both locations to accommodate the cargo ferries immediately. The payback for this relocation may be measured in weeks.
2. Do not hamstring a new PP partner with an inappropriate fleet. Let them choose to procure appropriate boats for ease of access and travel comfort. Use designs with expanded ingress-egress options on both sides of boats. Use more or wider doors and ramps for rapid loading and unloading. Design for “day trips” utilizing inside and outside seating options that don’t freeze a passenger from air conditioning or bathe one in carcinogenic diesel fumes. Choose combination boats that carry passengers as well as cargo, but modify them with features that make certain that getting on and off will be safe for all. Consider drive-through boats with ramps on both ends to eliminate lengthy loading while vehicles must be backed onto the vessels. Don’t use tall, hulky boats that rock back and forth making people sick. Purchase identical ferries (all use the same parts) to reduce supply chain, training, and maintenance issues.
3. Allow the purchase of tickets on the boat (or on-line) rather than making individuals stand in long lines. Allow immediate access to boats as soon as they are empty rather than creating another long line to board.
4. Treat us like customers, not inmates or refugees: keep us informed, be proactive (tell us before we are delayed rather than acknowledging the delay after the fact); use technology like the airlines do with TV monitors (the broken down PA systems are incomprehensible in any language).
5. Be sensitive and be prepared: recognize that many passengers are infirm and not very mobile and are going to the main island to seek necessary medical care; have crew members CPR certified; have first aid equipment, an automated external defibrillator (AED), oxygen, etc. on each passenger ferry.

Appropriately scheduled services encompass both quantity and timing issues.

Needs vary over time as the communities grow, government policies are altered, and life styles change. Flexibility (at a stipulated fee) should be incorporated into the contract with the PPP partner. At this point, we know that four round trips per day of the larger passenger ferries appear adequate, and the current weekday schedule has been extended to the weekend. As more passengers elect to

travel the short route on the combination passenger/cargo boats smaller passenger ferries running from Isabel Segunda may be adequate.

We have a clear need (demand) for 8 cargo ferries (the size of Cayo Largo) six days per week and 4 or more ferries on Sundays. If Cayo Largo class boats are used, then two boats would be required to run simultaneously. An appropriate schedule for such an operation might be:

Leave Vieques	Leave Ceiba
6:00 AM	6:00 AM
8:00 AM	8:00 AM
10:00 AM	10:00 PM
12:00 PM	12:00 PM
2:00 PM	2:00 PM
4:00 PM	4:00 PM
6:00 PM	6:00 PM
8:00 PM	8:00 PM

If a 30% larger boat was to be used utilizing the short route, a single boat might accommodate an initial daily schedule of:

Leave Vieques	Leave Ceiba
6:00 AM	7:15 AM
8:30 AM	9:45 AM
11:00 AM	12:15 PM
1:30 PM	2:15 PM
4:00 PM	5:15 PM
6:30 PM	8:15 PM

The larger single boat allows the same number of cars and trucks per day with six trips and two crews as two smaller boats with eight trips and four crews. In order to maintain either of these schedules, identical backup vessels must be rotated into the system to allow for routine and non-routine maintenance and inspection.

The PPP Structure: The key elements of the organizational structure are that government regulation ensures that the communities have real input into the decisions that are made regarding the quantity and quality of the services and that they are fully protected from any abuse by the contractor.

A typical structure is simply a contractor running a business with a regulatory commission overseeing compliance with the contract. Terms of the contract include a wide range of issues, many of which are technical and legal. The bottom line to the acceptability of such an agreement is that the rights and needs of the community as outlined above are codified and enforced. Penalties for performance failures should include fines and potential termination.

The PPP Formation Process: The creation of the PPP requires the generation of a specification of the performance requirements, cost/compensation methodology, asset ownership and disposition, bid requirements, and administrative issues. It is essential that this process be conducted competently and transparently. It must be inclusive of all stakeholders.

Through sufficient dialogue with the community and maritime professionals, documents can be authored that put the service needs into contractual form. With the consensus of the primary stakeholders, the next step is to compile a list of qualified bidders. The objective is to take the best bid. This happens when the contractors have been pre-qualified and vetted, so that there is confidence that all bidders accepted have the experience, capability, and determination to faithfully honor their bids. Without prequalification, the low bidder is often viewed as suspect and a higher bid is accepted from a firm that the selection committee has “confidence” in. This unacceptable subjective selection opens the door wide to opportunities for favoritism, graft, and corruption.

The bidding should solicit only firms who have ferry service experience with a strong track record and high marks for quality of service. As a minimum, ferry service firms throughout the Caribbean and the eastern US should be contacted and offered an opportunity to submit their qualifications. Any firm with a relationship to a member of the current administration or selection committee poses a conflict of interest which would be unacceptable.

Bidders always take into account the likelihood of fairness versus favoritism and adjust their bids accordingly. If the process is seen as truly clean, they will bid more favorably. One way to ensure that no compromising of bid figures can be made is to have all sealed bids delivered by hand publicly at a given time and kept in sight to be opened all at once a few minutes later.

All documentation used throughout the selection process should become public. It must be remembered that this is a process performed with us, not a procedure done to us. While the legally binding documents will be in Spanish, all documentation should also be provided in English to garner the widest range of qualified bidders possible.

Vested Interest:

For an island like ours, access means rapid, regular, inexpensive transportation. We need to import from the main island all of the goods and many of the services required to live and run businesses. And, given that our only industry is tourism, we need to provide an easy and inexpensive means for our customers to reach our venue. Our current transportation system to Vieques is in absolute ruins, but even on a good day cannot begin to support our needs. The allotment of cargo

ferry service to Vieques is choking us and making everyday life logistically strained, not to mention the impossibility of any kind of growth. Sustainable Development is ***Dead in the Water!*** Both our present and our future are dependent upon opening the road to the main island.

We are pulling out all of the stops. We have contacted the Federal Transportation Administration regarding the inappropriate use of their funds. We are considering filing a federal lawsuit regarding the denial of our civil rights. We will absolutely scrutinize every step of the PPP process to ensure our best interests are being served. We will follow any and all leads that indicate the process is favoring any politician, party, or vendor at our expense.

We have a vast array of professionals that reside part and full time in Vieques who are eager and willing to assist this process pro bono in any way that would be useful. Time is of the essence!

Note: Although it has only 20% the population of Vieques, Culebra receives 80% of the cargo ferry service that we do! When officials are asked why that is, the standard response is that Culebra has more tourists. This bogus response has NOTHING to do with cargo service, but rather with passenger service. There is absolutely no rational explanation based upon needs or fairness for this inequity. If the funds are limited to 27 trips per week, then Culebra should get 6 ferries per week and Vieques should get 21 (instead of 12 and 15 respectively). The situation is clearly an issue of systemic corruption and, since it involves federal funds, should be investigated locally soon, before federal sources become involved.