

# MARKET OUTREACH FEEDBACK

Paul H. Lutton, Arq.

543 Calle Plinio Peterson  
Vieques, PR 00765

787-477-7684

[paul@viequesverde.biz](mailto:paul@viequesverde.biz)

Submitted to:

Omar J. Marrero Díaz, Esq.  
Executive Director Puerto Rico Public Private Partnerships Authority

[RFQ-Ferrysystem@p3.pr.gov](mailto:RFQ-Ferrysystem@p3.pr.gov)

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## INTERESTED PARTY MARKET OUTREACH FEEDBACK

Thank you for the opportunity to provide input as an “Interested Party” for the Service Contract to Manage-Operate-Maintain-Improve-Finance the Maritime Transportation Services Project.

Our ferry system needs help desperately. As a former USAF pilot with years of experience in operations and maintenance, I can honestly state that I have never seen a more poorly run organization in my 71 years than the ATM.

I am glad to find that your Draft RFQ reflects a glimmer of a new understanding of the huge logistical problem that has constrained sustainable economic growth and made access to critical services for Vieques residents overwhelmingly difficult.

**Interested Party.** My name is Paul Lutton, Arquitecto. I have been a frequent customer of the ATM for 15 years. I am a full time resident and use the cargo ferry to secure supplies for various construction projects with which I am associated. I, along with many others, have been active in attempting to make the ATM responsive to the needs of the people of Vieques for over a decade, and it has been an impossible task.

I am writing to you as an individual, but the thoughts and concerns presented are not solely my own and reflect the feelings of the majority of the users of the ferry system serving Vieques. Should there be any doubt that the following discussion is representative of the opinions of thousands of users, please let me know, and I will have them send you a confirming email.

I am not intending to respond formally to the actual RFQ nor an eventual RFP. I do not provide any relevant service in this regard as a principal or a subcontractor.

**Current Problem.** There are two key measures into which all evaluations of the ferry service fall: quantity and quality. The existing service is an absolute failure in both aspects.

### Quality: The Ports

The Fajardo port is (and has been for decades) totally inappropriate:

- The port is too shallow and causes severe maintenance problems and costs to repair the boats – clogged filters, reduced engine life, damaged props
- The space and traffic problems both at the dock and on the surface streets cause **huge** delays and are a nightmare for residents and visitors
- The concrete ramps are “fixed” and do not adjust to the different heights of the array of various onboard ramps of the current rag-tag fleet – they should have hydraulic ramps
- DEA, FURA, FBI, and other security and law enforcement activities are extremely difficult in such cramped quarters and cause **huge** delays to residents of the islands trying to get to appointments and performing business on tight schedules
- The high costs of rebuilding the terminal and dredging the dock area will ultimately be in the \$20M range if done right – and maybe more
- No plan is afoot to improve the surface street traffic flow
- The mayor of Fajardo says he wants his port back and the ATM gone

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The Vieques port has outlived its safe usefulness:

- The port is too shallow and causes severe maintenance problems and costs to repair the boats – clogged filters, reduced engine life, damaged props
- The space and traffic problems both at the dock and on the surface streets cause delays and are significant problems for residents and visitors
- Travelers park on surface streets and reduce business parking in town
- **The bridge adjacent to the dock which allows passage to the rest of the island has been tested and has a 15 ton safety limit – the trucks that must cross this bridge weigh up to 3 times this limit; it is illegal and unsafe**
- The concrete ramp is “fixed” and does not adjust to the different heights of the array of various onboard ramps – it should have a hydraulic ramp
- The terminal in Vieques is merely a covered dock and a ticketing office without anything to mitigate sun and rain. The dock is said to need major work. The high costs of rebuilding the dock, dredging the docking area, and rebuilding the bridge will likely be in the \$10M range if done right – and maybe more
- No plan is afoot to improve the surface street traffic flow

### Quality: The Route

As you have identified in the Draft RFQ, the distance from Mosquito Pier to RR is half that from Isabel Segunda to Fajardo and presents essentially no change for Culebra. All routes into Isabel Segunda and Fajardo should be eliminated for the reasons stated above alone, and because the amount of time and fuel saved is so significant, it makes no sense to operate multiple routes.

Moving the ATM operations to Mosquito Pier and Roosevelt Roads will save an enormous amount of time and money, and it will enable increased cargo service to Vieques at no additional cost. The upfront funds of improving the facilities for the short route are less than the costs of repair/remodel/dredging (Fajardo & Vieques) and building a new truck bridge at the Vieques dock.

### Quality: The System

The mission statement should read something like this:

*The purpose of the Public-Private Ferry Service is to provide safe, convenient, reliable, economical, and pleasant transport for passengers, vehicles, and cargo between Vieques (Mosquito Pier), Culebra, and the Roosevelt Roads on a schedule that accommodates the needs of the communities and their guests for personal access, business operations, and economic development.*

Passengers, whether residents, tourists, or business representatives must be treated with respect; and that not only means “being nice”, but requires good communications, fair treatment, and an adequate level of service to meet the communities’ needs.

### Equipment: Boats - Configuration

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The boats should be selected for their task and their environment. They should be enjoyable – even fun – to ride.

1. The fleet should consist of similar boats, having most if not all system components identical. This would aid dramatically in both maintenance and operations for parts inventory, technical expertise, backup, and operational substitution.
2. The preferred boats are drive-through for rapid loading and unloading, but it is unlikely that these could be found in the used boat inventory complying with the Jones Act.
3. All boats would be combination passenger and cargo. Passengers would load simultaneously but independently from the vehicles without a conflicting path. Multiple access points would be provided for embarkation.
4. All boats would be configured to include several restrooms, a ticketing area, and a small canteen. The restrooms should be plentiful, roomy and easily cleaned. The ticketing operation should allow for the sale of tickets and the making of reservations while in port **and while under way**. The canteen should allow the sale of food and beverages.
5. Boats should be large enough to accommodate the above requirements and plan for expansion. Passenger capacity of 350 and 35 vehicles should be absolute minimums, although USCG thresholds may make other capacities preferable. Deck capacities should allow for heavy trucks.
6. The cabins should include both outside and inside (air conditioned) seating options. The outside space should include both covered and uncovered seating.
7. Each boat should have effective high capacity internet service available for passengers and administration. An AIS transponder for monitoring craft location is a must.
8. Ticket offices (onboard and onshore) require both internet and dedicated cell phones for reservations, payments, crew, and M&O (maintenance and operations) communications.

### Facilities

The most essential land side facility is the actual loading dock, and required modifications (probably including hydraulic ramps). Passenger loading should be through the sides. By way of an illustration, the ramp in the center of Mosquito Pier has only a couple of pilings used to hold the boats “straight”. A covered ramp combined with a wind break (for passengers and the ferry itself) needs to be constructed. Other infrastructure improvements will be dictated by the USCG.

Spacious queuing areas for loading should be provided for cars and trucks that do not conflict with disembarking vehicles or passengers. Parking areas should be provided for passengers not ferrying vehicles. On Mosquito Pier the current road side parking would continue to be used but should be formalized. Publico parking could be on the road side across from the dock and bus drop-off could be on the dock side of the road. Waiting areas for individual pickup should be north of the dock on the west side of the road. *(See the attached schematic design of the area near the center of the Rompeolas shown below.)*

Equivalent accommodation at RR is required with sufficient space to allow easy and uncomplicated management of Culebra and Vieques arrivals and departures. Additionally, the route from the ferry dock to the highway (to Humacao and/or Fajardo) should be streamlined, and trucks should not be run all over Ceiba.

Waiting terminals need not be constructed initially but should be planned for the future. Portable toilets might be used immediately. Given more rapid and frequent service, once the boat is docked and emptied, passengers could embark and use the onboard salon, ticket office, and/or restrooms in lieu of a “terminal”. Any exterior facilities should be as minimal as possible, primarily providing weather protection.



North end

Quantity

The ferry service requirements for Culebra and Vieques are quite different; however, most of the differences have been ignored by the ATM while allocating resources. They have repeatedly and intentionally supported and reinforced a schedule of services that is biased and unfair. While we can all agree that there should be far more cargo ferry trips in total, the allocation should reflect the ratio of full time residents in Vieques versus Culebra. Currently, and historically, Culebra is provided ferries almost at parity with Vieques in the number of scheduled cargo trips, though our **needs in Vieques are 4 times greater**. ATM employees and official documentation have cited that Culebra has more tourists and therefore more ferries. That argument is totally absurd! The cargo ferry volume is primarily based upon the needs of residents and commercial enterprises. While some tourists elect to transport their vehicles, they are not critical to the viability of the islands and represent no valid cause for the disproportional service provided. *Round trip beach goers visiting Culebra do constitute a large number of summer passengers – most of whom spend little or no money in Culebra, but soak up the resources of the ATM and the public works waste management department.*

We are pleased to see in the Draft RFQ that you recognize that the existing use of the ferry system is constrained by a lack of available service. Constrained is an insufficiently strong word: we are being choked! This is caused in several ways:

- First, the lack of adequately scheduled service provides an artificially low threshold of apparent demand.
- Second, denials of service, constant operational interruptions, cancelations, and rescheduling (combined with a total lack of communication), dissuades and prevents participation. Being forced to take ones chances on “standby” risks unplanned overnight stays and turns away potential users every day.
- Third, inability to contact the ticket offices by phone or internet to verify schedules or make reservations provides a huge obstacle to use of the system and supplying the island.
- Fourth, lack of capacity has resulted in choices between serving residents versus tourists. This has led to illegal discrimination, community disruption, and reduced tourism – **our only industry!** Further economic development in Vieques is impossible under these conditions.

Schedules

Schedules should be determined primarily to meet the needs of the customers. While from a customer point of view there can never be too many departures, boats must run sufficiently full to cover costs. The objective is to spread out the trips to efficiently cover each day without turning people or vehicles away or making them wait long periods.

Sample proposed schedule:

Depart Vieques	Depart Roosevelt Roads
5:00 AM	6:00 AM
7:00 AM	9:00 AM
10:00 AM	12:00 PM
1:00 PM	3:00 PM
4:00 PM	5:00 PM
7:00 PM	8:00 PM

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The schedule should be subject to modification over time to meet the customer demand. Space availability should be shown on the website in real time as online sales take place. Delays or other items impacting travel should be current and online.

### Costs

The ATM goal of ending subsidies for the ferry service is both futile and unrealistic, as the last administration's RFP competition proved. There are very few unsubsidized ferry operations anywhere in the world, and I would guess none for populations as economically challenged as ours. The government provides roads for "free" and pays the subsidy (for the construction and maintenance) through fuel taxes. How much to subsidize the ferry is up to the government, but it can't be put on the backs of the Private Partner.

This brings up another critical issue. The private companies involved must make a reasonable profit or they will not risk participation. Dealing with the Puerto Rican government is difficult at best, and in your own descriptions of the economic issue, you state:

*Payments for PPP Agreement. The funds to be provided by the Government to make the payments required under a PPP contract are subject to and conditioned upon the appropriation of such funds by the Legislative Assembly in the annual budget of the Government. The payments the department or agencies of the Government would be required to make under a PPP contract do not constitute public debt of the Government for purposes of the constitutional provision described above. If all annual budgetary appropriations required by a PPP contract are made in full, presumably such amounts will be sufficient to make the payments due under such PPP contract.*

*The Legislative Assembly is not legally bound to appropriate sufficient amounts to allow the Government to make payments under a PPP contract. Moreover, the private entity under a PPP contract has no legal recourse to require the Legislative Assembly to appropriate the funds necessary to make any payment due under such PPP contract. The failure to make annual budgetary appropriations in the amounts required would cause a shortfall in the moneys available to the Government for the payments of amounts due under a PPP contract. In the event any PPP contract is terminated and the Government or the corresponding governmental entity is required to make a substantial termination payment to the private party, it is likely that such amounts will not be available in the currently approved budget, as amounts appropriated therein would have only taken into account ongoing payments under the corresponding PPP contract. As a result, the private entity would have to wait at least until the approval of the next budget in order to determine whether sufficient amounts to satisfy the Government's payment obligation will be appropriated.*

*Finally, if a budget is not adopted prior to the end of the fiscal year, the annual budget for the preceding fiscal year as originally approved by the Legislative Assembly and the Governor is automatically renewed for the ensuing fiscal year until a new budget is approved.*

Now, maybe it's just my lay interpretation, but it appears like the "winner" of the competition could end up a pretty big loser if the Legislature does not or cannot approve the PPP funding. It sounds to me like the whole partnership just comes down to the government saying: "Trust me." If such is the case, will anyone seriously respond?