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## PR Eastern Region Tri-City-Partnership (TCP)

September 2, 2016

To: The Honorable Chairman and Members of the PROMESA Task Force (hereinafter "Task Force")  
Sent via email: [prtaskforce@mail.house.gov](mailto:prtaskforce@mail.house.gov)

Re: *Eastern Region Tri-City-Partnership (TCP), Promise Zone and Regional Economic Development*

Dear esteemed Colleagues:

We are writing on behalf of the Eastern Region Tri-City-Partnership (TCP) formed right after the June 2016 Promise Zone (PZ) designation to appeal for your support and help to lead our regional economic resurgence. The TCP is comprised by the Autonomous Municipalities of Fajardo, Ceiba and Naguabo. Our three (3) cities are located at Puerto Rico Eastern Region with a combined total population of 77,344, with a median household income of \$19,722 and an average poverty rate of 45.8% (3.2x the national average), sometimes as high as 58.2%. The unemployment rate is 2.5X the national average. The overall poverty rate for the region is 45.77% and is as high as 58.20%. Crime has a profound impact on the quality of life in the severely distressed, low income communities that make up our municipalities.

### Promise Zone and Sustainable Regional Economic Development

Indeed, the primary needs in the region are to combat our high poverty and unemployment rates through job creation and increasing economic activity with proactive local level initiatives in direct collaboration with federal and other local stakeholders, among others. Consistent with our region's unique resources, top marinas, hotels, tropical rain forest and geographic location as the gateway to the eastern Caribbean, the TCP members endorsed the PZ application with a clear intent to foster coordinated and efficient local level policies that make sense for the people on the ground rather than solely relying on state agendas which traditionally have fail to produce sustainable outcomes for our region.

Below, a quick description of our region's top three (3) most important projects including the TCP suggested next steps:

- **Former Naval Station Roosevelt Roads (RR):** Base closure in 2003 has contributed to the eastern region economic contraction. The TCP municipalities and the regional economic growth are directly impacted by the base closure. After four (4) different government administrations, the lead agency in charge of the process known as the Local Redevelopment Authority (LRA) has continuously and unilaterally stalled the process. To this date, after the TCP municipalities endorsed and supported a PZ application based on the premise of clear/concise projects to be implemented, the LRA has failed



to sign a master developer agreement, duplicated its career staff and now intends to assume a quasi-master developer role, among other threats.

**TCP suggested next step:** Task Force declares RR an economic development high priority project. Task force establishes direct collaboration with the TCP members to address change. Task force bear all their executive powers to avoid the LRA from carving out small projects at their will. Task Force in collaboration with the TCP complete the master developer process and works directly with the TCP members to help lead way for the eastern region economic resurgence.

- **Relocation of the Ferry service from Fajardo to RR:** Project requires creation and development of a passenger terminal and related facilities at Roosevelt Roads. The creation of a Ferry Terminal and execution of an operating agreement through a Public-Private-Partnership to establish a new ferry service between Ceiba and the nearby islands of Vieques and Culebra, and eventually the U.S. Virgin Islands, which will serve to prime and stimulate enormous economic development potential for the Region. The existing government-run ferry to Vieques and Culebra operates out of a dilapidated site in Fajardo, is fraught with mechanical and service problems and frequently strands day tripping tourists and locals overnight due to service failures; social media travel review sites resoundingly criticized the service and condition of the vessels, which dampens tourism and commerce for all involved.

**TCP suggested next step:** Task Force spearheads an unbiased RFP review process to reach an agreement with a certified/experienced private operator, with a fleet of modern ferries, and with its home port at Ceiba. This would cut transit time to Vieques from 80 minutes to 30 minutes compared to the existing service. The new ferry service would be a catalyst for the region with capacity to transport 1.8 million passengers annually. This traffic, primarily tourists and residents from surrounding islands, will support development of Phase I of the planned \$3 billion redevelopment of RR in Ceiba. Reliable transport systems are key growth drivers for any community, even more so when communities are separated by water. The ferry is a lifeline to the success and economic prosperity of the entire Region.

- **Agricultural and Agribusiness Development Potential as part of the development of a strategic Regional Plan:** Puerto Rico imports more than 85% of its food. In 1914 agriculture was 71% of Puerto Rico's GDP, today it is less than 1%. Producing healthy food locally and providing job training to a new generation of young farmers attracted by the high-tech nature of technology such as hydroponics and/or controlled environments has enormous potential and is essential to Puerto Rico's food security and self-sustainability. It is estimated that increasing local food production to 90% of what is consumed in Puerto Rico could create 85,000 new jobs and keep \$3.5 billion spent annually on food exports in the island economy. Of the 560,000 acres of arable land that were in production in Puerto Rico in 1961, currently only 160,000 are in productive use. According to UN FAO statistics, every added agricultural worker in PR represents \$65,000 of added economic value (UN FAO 2013).

**TCP suggested next step:** Task force in collaboration with the TCP, lift restrictions and/or helps decentralize land use of properties with agribusiness potential. This will help the TCP implement proactive policies to incentivize creation of new small businesses across the region fostering job creation and economic development, among other benefits.

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The TCP philosophy is simple, “consistent local collaboration and less government bureaucracy produces real results”. In fact, we’ve recently submitted an application through the Economic Development Administration (EDA) for the Economic Adjustment Assistance program funds to create the first Tri-City regional study. The short term study shall serve to implement collaborative planning, foster economic development, and help create joint interdisciplinary programs in areas of education, training, research, development, commercialization, and dissemination of knowledge, among others. More importantly, the study will provide the TCP a better understanding of the issues related to the advancement of the leading regional clusters like Tourism, Agriculture and Transportation, combined with innovation and the development of human resources as basic elements necessary for addressing economic development.

We are aware that Puerto Rico has historically failed to access and leverage available federal funding through existing government mechanisms. However, the recently awarded Promise Zone designation provides the Region with a unique opportunity to access the implementation tools required to underpin economic redevelopment for decades to come. To this effect, the TCP wishes to collaborate with the Task Force to create an organizational plan for a regional office and multidisciplinary executive board oriented towards enhancing the planning, decision making, and to coordinate the implementation capacity of local public and private stakeholders while working together with federal entities.

In summary, we’d like to appeal to you, to fully support the TCP establishing clear objectives, measure outcomes and evaluate the possibilities and benefits of a coordinated regional office to:

- Become the main source to channel and directly assist in accessing federal funding programs for public and private sector projects;
- Track the economic impact, prepare data bases and report on the benefits of the resources allocated within the region as a result of the Promise Zone designation;
- Create and manage one centralized, or several specially oriented online platforms, to educate, communicate and promote the Region’s initiatives and opportunities to live, learn, work and play, as well as the investment opportunities within the Region, including public/private partnerships, industry reports, Puerto Rico’s tax regime benefits, among others;
- Work closely with existing large scale employment sectors within the Region, conducting research initiatives to identify needs and opportunities to improve the community, employment and business opportunities;
- Analyze all existing municipal infrastructure plans to develop the basis for a regional long-term sustainable development model;
- Provide support and coordination for the efforts between federal stakeholders, the Region, the Promise Zone Implementation Partners and the Master Developer for RR; and
- Assist the TCP to address and create an agenda for strategic large-scale developments, such as the redevelopment of RR, as well as other under-utilized and poorly managed assets within the TCP borders.

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We thank the honorable esteemed colleagues for this opportunity and reiterate our commitment to ensure a successful as well as worthy resurgence of Puerto Rico and our regional economy.

Sincerely,



Hon. Aníbal Meléndez Rivera  
Mayor  
Municipal Government of Fajardo



Hon. Ángel Cruz Ramos  
Mayor  
Municipal Government of Ceiba



Hon. Noé Marcano Rivera  
Mayor  
Municipal Government of Naguabo