

Smart partnerships

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During my second term in the governorship, the CEO of American Airlines, Robert Crandall, came to see me at La Fortaleza. He wanted to make the Luis Muñoz Marín San Juan International Airport into an American Airlines hub for the Caribbean. To do that, American Airlines would undertake the expansion of the then-existing terminal and the Commonwealth would procure to facilitate travelers' access to the airport—then quite difficult due to heavy traffic jams on Baldorioty Avenue, the only access to the airport—and connect both runways in the southeastern part of the airport.

To me, Crandall's proposal was a no-brainer. Turning San Juan's airport into a hub for a major airline entailed direct flights to a good number of islands in the Caribbean plus Venezuela and several cities on the U.S. mainland. This would be a boon for tourism and business, not to mention the convenience for Puerto Rico residents traveling to the islands or the States. Our end of the deal, besides allowing American to build the terminal, were things we had to do anyway, that had been planned for a long time by previous administrations but hadn't gotten around to them. We just had to get them done.

Therefore, after consulting the agencies involved, I signed off on the plan. I assigned one of my most efficient aides to coordinate the several agencies that had to work on the matter. Mario Rivera did a first-rate job pushing the agencies to meet the deadlines. In less than two years, Puerto Rico became the axis for travel in the Caribbean, and direct flights were added to Orlando, Fla., Atlanta, Chicago, Dallas and other major U.S. cities.

This was the first public-private partnership undertaken by my administration. There was no ideological controversy about this on the island. It was simply understood to be a good thing for Puerto Rico. We just got on with it.

The second smart partnership we undertook was to develop Teodoro Moscoso Bridge. This idea came to me while traveling in Spain. There, for the first time, I saw major highways built and operated by private companies. However, this hadn't been done in the States and we were unfamiliar with it. I requested my Transportation Secretary Hermenegildo Ortiz to look into this. He reported back saying it could be done and we would have to guarantee a certain volume of traffic for a private investor to undertake the financing, construction and operation of the bridge. I decided to take the risk because we were breaking ground with a new method to provide infrastructure in Puerto Rico. This method would represent an important leap forward in government construction because, with it, we could go beyond our fiscal limitations.

Dragados, a Spanish company with projects all over Latin America, undertook the project. Construction was almost completed during my last term. I decided to give the name Teodoro Moscoso to the bridge, not only for Teodoro Moscoso's contribution to Puerto Rico's industrialization through "Operation Bootstrap," but because Teodoro Moscoso was a visionary, a man of daring imagination and creativity. I thought—given the fact we were breaking ground not only in Puerto Rico but in the U.S. regarding this new method to provide public infrastructure through the private sector—it was fitting to give Teodoro's name to the bridge.

The bridge was inaugurated under the Rosselló administration. The guaranteed volume of traffic was quickly surpassed. The bridge was a success and it stands there as a monument to what can be done with integrity through public-private partnerships for Puerto Rico's common good.

Public-private partnerships are a good idea whose time has come in these years of crisis. Our level of indebtedness and fiscal condition won't allow us to invest the amounts needed to maintain and develop our infrastructure during the coming years. It is unfortunate that privatization has become a bad word in Puerto Rico. This was the result of the reckless ways of the Rosselló administration. However, we can't allow the unsavory connotation that this concept acquired during that administration to cloud our thinking on this matter when there are such good examples as the American Airlines hub and the Teodoro Moscoso Bridge that have worked well for Puerto Rico.

What we need to use public-private partnerships for Puerto Rico's benefit is good thinking on the part of government, integrity and transparency. The decisions to engage in such partnerships must consider the cost and financial capacities of the particular agencies to undertake the projects and the time it would take the agencies to realize the project. This must be weighed against the capabilities and time factor involved if the project is done by the private sector.

Other factors must also be weighed, such as the distribution and management of risks, the levels of efficiency and quality of service expected from the agencies and those expected from the private operator; the distribution of income between the public and private sectors and the protection of users and consumers against unreasonable tariffs.

Taking these and other factors into consideration, a conclusion must be determined as to whether it is in the public interest to enter into a partnership with the private sector to develop a particular project. Once this decision is made, the proper competitive procedures must be followed to procure the best private partner with the most favorable conditions to the government. Transparency in this competitive procedure is of the essence.

Puerto Rico needs a good law to channel public-private partnership initiatives. We were able to do the Moscoso bridge project because the Highways Authority had special provisions that authorized it. However, most agencies don't have that authority. A good law not only would provide the authority but also the procedures to guarantee to the public that judicious decisions are made when deciding to

undertake public-private partnerships and the competitive and transparent procedures are followed to implement such decisions. We shouldn't go forward with these partnerships without such a law.

