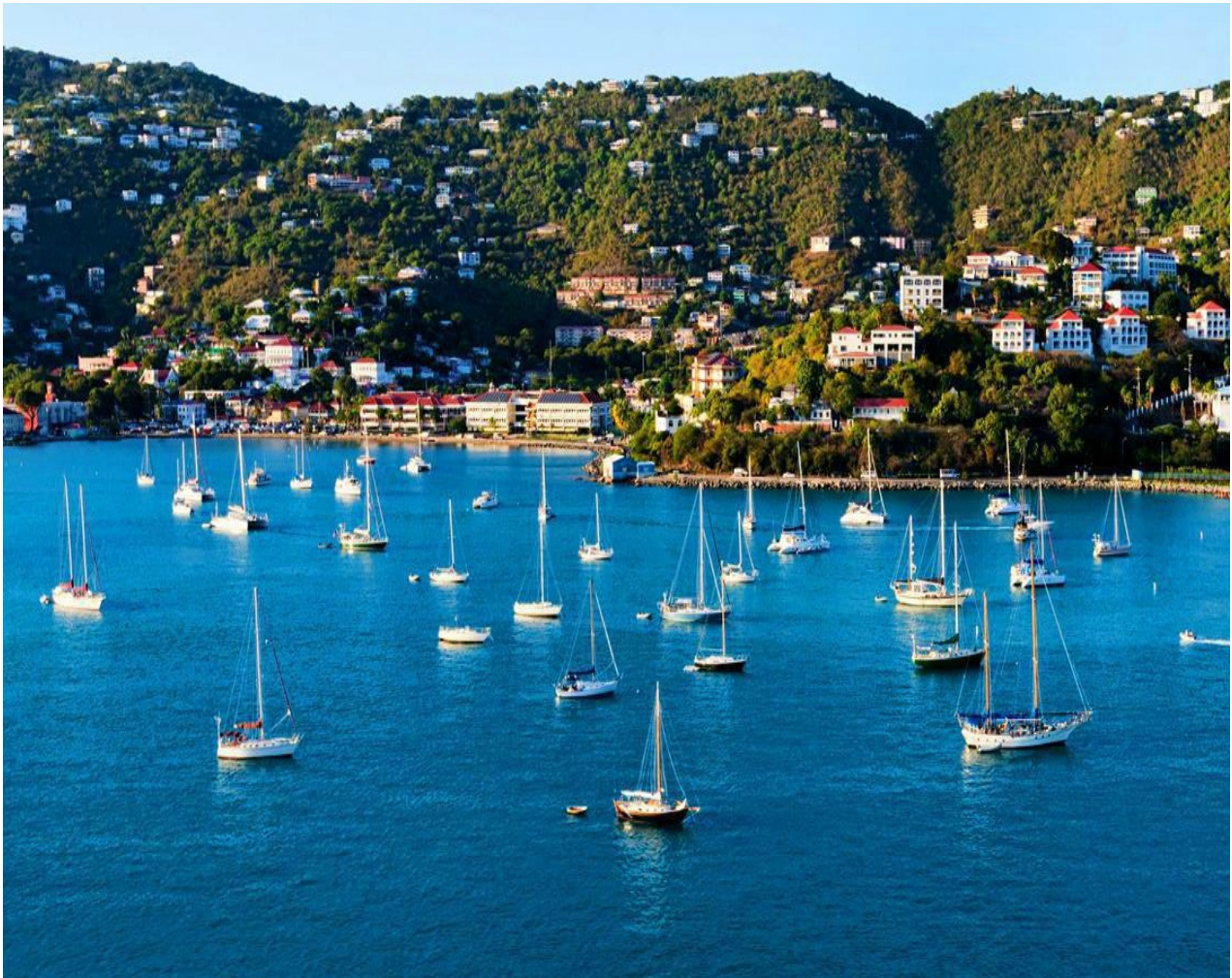


The Virgin Islands Consortium

Letter To The Editor | On The Coming Water Taxi Service For St. Thomas

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Staff **July 17, 2017**



To the Editor,

Finally we begin to address downtown traffic congestion in Charlotte Amalie.

The government's solicitation for proposals from companies interested in providing water taxi services in the greater St. Thomas harbor will, if implemented correctly, achieve several positive benefits for the community. For both visitors and residents, it will ease traffic flow throughout the historical district. Walking tours, shopping and socializing will benefit. It will contribute to revitalizing an area that businesses are now abandoning because of traffic snarl and the absence of parking. It will add a meaningful port of call

attraction to the St. Thomas tourism product.

History and heritage have considerable appeal to visitors. Catering to this interest is a relatively easy add to the tourism portfolio. Charlotte Amalie, Christiansted and Frederiksted have much to offer. Making points of interest more accessible will increase visitor spending on attractions, entertainment and shopping. It will enliven the downtown area. It will encourage investment in restoration and the repurposing of historical buildings.

Bermuda's water taxi service, Sea Express, is a government run service operating throughout the islands. A private operator runs San Pedro Belize Express Water Taxi Ltd. Both systems are convenient, reliable, unfettered by congestion and scenic. In Bermuda riders can bring along two-wheel vehicles that allow the land connection to the ultimate destination.

Water taxi service, whether government or privately operated, is public transportation. Overtime, it can be hoped that this service, in concert with other modes, will provide residents a transportation route system that makes the island more accessible, less dependent on personal automobile use and contribute to reducing congestion and environmental pollution.

Issues of relevance, service reliability and economic sustainability plague effective delivery of public transportation service, nationwide. Circumventing these issues requires that all transportation modes be integrated. Making this work requires serious thought concerning operating subsidies, optimum size of vessels used throughout the route system, dependability, and building ridership by keeping the route system relevant.

The government's solicitation for proposals seeks experienced operators. It indicates that the public and private sector will collaborate to address the various needs of this service.

This public private partnership is essential. Neither alone can make this work. Effective implementation and sustainable operation requires business acumen, which the private sector can bring to planning, maintenance and management. Government involvement ensures that issues of access, traffic patterns, integration with other transportation modes, regulations and safety, and operating subsidy are addressed.

In a typical P3 (private, public partnership) the government provides access, facilities and markets. The private sector contributes experience, equity financing, marketing and management. A water taxi service is a business that must be run accordingly. The partnership should be structured to ensure the service is financially sustainable.

Structured correctly and operated effectively, both sides benefit from this collaboration. The community is the most important beneficiary as it receives a service that would not otherwise exist.

The initial route system outlined in the Request for Proposal does not specifically address the transportation needs of the resident community but focuses more on moving visitors between Havensight, Crown Bay, Water Island and the downtown area. It is, however, a good start. It will reduce traffic on the major arteries and the side streets with considerable benefit to residents.

Accomplishing this requires thinking through what the build-out of this service should and can mean to the community. It requires working out the details regarding questions of implementation, integration with other transportation modes and financial support. Linking ferry terminals to parking, making the system handicapped accessible, integrating the bus and jitney system into the ferry schedule and maintaining a regular schedule will build local subscription.

Community involvement should be encouraged to ensure what is implemented is responsive to expectations.

Parochial interest understandably advocates in its own economic self-interest. There may be resistance to involving outsiders to deliver what is perceived as a local service.

Communities small and large do not always have the experience required to deliver a specialized service. Outside expertise may be needed to ensure project planning is comprehensive. This provides a safeguard against underestimating the importance of a particular project element and its potential financial implications. Securing that assistance in advance can make the difference between project success and failure. It can also save spending to remedy that which should have been done at the outset.

Identifying opportunity for local participation through financing is a way to broaden involvement in the project. Financial return, when and if achieved, will be shared among those who believe in the commercial success of the project and invest accordingly.

Financing the borrowing requirements of P3 initiatives are more easily completed as each partner contributes a different element to the financing requirement. Because Government evaluates return differently than does the private sector, its economic benefit is in part realized from advancing the public good and contributing to community development. Because government will realize economic return over a longer time period than may any private investor, government can allow its private partner to enjoy the short-term financial return and defer its financial return for the later stage of project operations. Jointly the partnership presents a positive mix that encourages third-party debt assistance to further support project financing.

Using a public private partnership structure to undertake specialized initiatives can also go a long way to sidestepping well intentioned but frequently counter-productive parochial considerations, both in terms of who is involved and the decisions of day-to-day management.

Well-intentioned constituents seek to inject parochial considerations to shape the decision making process. Responding to that influence can be counterproductive to the success of a given initiative.

Elected officials are beholden to their constituents. They depend on that support to remain in office. In small communities these relationships are personal, ever present and complicate the decision making process.

Timelier implementation of water taxi service has not been a function of lack of imperative but because of considerable opposition from groups who perceived that service counterproductive to their vested economic interest. Efforts that encouraged their active participation to provide water taxi service, thereby satisfying both their interest and

the public good, proved unsuccessful for many years.

What is now critically important is that government selects the most experienced partner capable of delivering the needs service and growing public subscription.

Getting it right is as important as getting it done.

Submitted on Monday by: Justin Moorhead, managing director, Virgin Islands Capital Resources, Inc.

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