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**Public/Private
Partnerships
in Transit**

April 1985

Volume 1: Summary Report



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Public/Private Partnerships in Transit

Volume 1: Summary Report
April 1985

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Funded by
Office of Planning Assistance
Urban Mass Transportation Administration
Washington, D.C. 20590

Distributed in Cooperation with
Technology Sharing Program
Office of the Secretary of Transportation

DOT-I-85-30

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ACKNOWLEDGEMENTS

This report was prepared under a contract with the Metropolitan Washington Council of Governments funded by Grant Number DC-09-7010 from the Urban Mass Transportation Administration (UMTA), Office of Planning Assistance.

The author, Christina Kirk Steinman, appreciates the assistance of two National Association of Regional Councils project interns, William D. Hardtke and Eileen Rosenberg, as well as the fine work of the Association's clerical staff in preparing this handbook.

In addition, the author gratefully acknowledges the directions and comments received from Charles H. Graves, Director, Office of Planning Assistance and Kenneth Butler, Associate Administrator for Policy and Budget of UMTA. The views expressed, however, are strictly those of the author, and do not necessarily reflect the opinions or policies of the U.S. Government or the Urban Mass Transportation Administration.

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PREFACE

In an effort to encourage stronger ties between public agencies and the private sector in transit, the National Association of Regional Councils (NARC) and the Urban Mass Transportation Administration (UMTA) cosponsored two conferences in 1984 (June 21-22 in Los Angeles, California and September 10-11 in Washington, D.C.). The conferences provided a unique opportunity for business leaders and local government decisionmakers to share experiences and learn more about how some metropolitan planning organizations, local governments and transit agencies are working with the private sector in the planning and implementation of local transit services and investment decisions.

The conferences focused upon three main topics:

- planning and contracting for the private provision of transit services;
- private financing of public transit which includes such efforts as joint development around rail stations, development of new downtown transit malls, special benefit assessment districts, and renovation of existing subway station sites; and
- private sector involvement in promoting public transportation through employer-sponsored programs such as discount transit passes, subscription bus services, ridesharing and vanpooling, parking management and staggered work hours.

In addition, public and private sector officials from the Twin Cities and Detroit regions described how they are successfully implementing new institutional arrangements for transit policymaking in their urbanized areas.

The conference workshop sessions were based upon the results of a NARC survey which was sent to all metropolitan planning organizations (MPOs) across the country asking how they have been involving the private sector in the three above-mentioned transportation areas. The National Association of Regional Councils represents MPOs which are responsible under Federal statute for annually planning and programming highway and transit projects in their region. MPOs serve as decision-making forums for elected officials of general purpose local governments in each urbanized area.

The purpose of this handbook is to inform the reader of the proceedings of the two NARC/UMTA Conferences on Public/Private Partnerships in Transit and to provide indepth case studies of the joint public/private transportation ventures presented at the meetings. The handbook is divided into two volumes. This first volume contains summaries of the following:

- the NARC transportation survey results sent to more than 300 metropolitan planning organizations across the country;
- the key plenary remarks given during both the Washington and Los Angeles conferences;
- reports by the conference workshop discussion leaders on the key issues raised and recommendations made during their sessions;
- executive summary of the indepth case studies presented during the conferences as contained in Volume II;
- NARC comments and recommendations on ways to facilitate and strengthen public/private transit partnerships based on the conference sessions.

Volume II is an Appendix containing virtually all the case studies discussed during the conference sessions.

INTRODUCTION

Twenty years after the enactment of the Urban Mass Transportation Act of 1964, the pendulum has swung dramatically from the private sector's virtual total provision of transit as a profit-making business to one that is primarily dominated by the public sector. This Act and its subsequent amendments established public transit's mission not only to provide mobility but also to meet a number of social goals including servicing elderly and handicapped, reducing air pollution and noise, decreasing traffic congestion, conserving energy and preserving the economic vitality of central cities. In response to meeting these goals and in particular the mid-seventies oil crisis, federal funding for transit increased considerably causing transit systems to expand and cities to begin building new rail systems. At the same time, transit costs over the last two decades have doubled and ridership has declined. According to the American Public Transit Association, annual operating deficits are now more than \$5 billion.

With the continued decrease in federal funding for transit over the past few years coupled with the rising costs of maintaining conventional services, financial pressures on public transit systems continue to mount. Financial crises in cities such as Boston, Chicago, Birmingham and Philadelphia have led to either temporary shutdowns or threatened system collapses causing the need for emergency bailouts.

In addition, recent Census Bureau findings have shown that the majority of workers in the United States both live and work in the suburbs. If the suburbs grow by 60 percent over the next 20 years as projected, the effectiveness of conventional transit services will be challenged. Moreover, with greater suburban road congestion, employers and merchants will play a more active role in seeking other options such as carpools, vanpools, subscription bus service and taxi feeders.

Indeed, continuing financial pressures on transit systems and changes in travel patterns have forced local government officials to consider innovative and more cost-effective ways to solve our urban mobility problems. Where public transit agencies have had to face eliminating service and/or raising fares, some have looked towards contracting services with private operators in the outlying areas as a means of saving money and providing better service. As a result, a growing number of local policy officials are redefining their relationships with the private sector--not to take control of the systems--but to assist in providing the most cost-effective and best transit service in their region.

Incentives for Private Sector Promoting Public Transit

Besides private transit providers, other segments of the private sector, including employers, developers and merchants are investing their time and money in facilitating urban mobility. Employers concerned that traffic congestion and long commutes can cause a loss in employee productivity recognize the need for more sensible transportation solutions. Thus, an increasing number of employers now are accepting some responsibility for their employees' journey-to-work trips. As a result, numerous companies across the country are instituting programs such as vanpools and ridesharing, staggered work hours, subscription bus service and discount transit passes.

Implementation of these transportation systems management programs can benefit employers by attracting and retaining employees, relieving employee fatigue and frustration caused by traffic congestion, improving employee productivity, eliminating the cost of building additional parking lots or subsidizing employee parking costs, and relieving traffic congestion around the business site.

The revitalization of existing transit systems and implementation of new rail systems have increased cooperation between the business community and local public agencies to recapture potential increased land values. Rail systems are creating financial bonanzas for developers and other business leaders who are willing to help pay for the construction and operation of these systems. In order to recapture the billions of dollars in new land values, public and private organizations are working together on such ventures as joint development around rail stations, special assessment districts, and new dedicated tax revenues.

In addition, merchants in the downtown business district and in suburban shopping malls are realizing that in order to provide adequate transportation services to and from their business location, they must be involved in the local decision-making and management of transportation in their community. For these reasons, local merchants and businesses are financing the costs of running downtown trolleys, shuttle bus services, parking pricing strategies, transit promoting and other transportation improvement initiatives.

Sources of Public/Private Conflicts

The need for innovative approaches to deal with urban mobility problems is readily apparent. Although the list of public/private partnerships in transit is growing, there continues to be sources of conflict and different expectations from the public and private sectors. There seems to be an inherent distrust between public and private representatives resulting in a lack of communication and

cooperation. While the private sector is proving to be beneficial in meeting a variety of transportation needs, their profit-making abilities are sometimes sharply criticized. In some instances the public sector has been unwilling to accept the important role and needed contribution of the private sector and barriers still exist for their effective implementation. For instance, public officials worry that the private operators will take over only profitable routes leaving them with the costly ones. The public sector may expect financial support from the business community without fully explaining what the problems are, what role business leaders can play, and involving them early in the local planning process. And unless this planning process is meaningful and decisions are made in a timely manner, the private sector may not want to devote its financial and staff resources to support partnership efforts.

Federal Government Role

To encourage public/private transportation partnerships, the Urban Mass Transportation Administration published a directive in the October 22 Federal Register which mandates that the private sector be involved in the early stages of the local transportation planning process. It stipulates that the private sector should be an active participant in the metropolitan planning organization (MPO) decision-making process. The private sector views should be known during the development of the annual (biennial) element of the Transportation Improvement Program before MPO endorsement. The policy directive enforces provisions in the UMTA Act, in particular sections 8(e) and 3(e), which require the involvement of private transportation providers in local planning activities.

Under this regional planning umbrella, the private sector and local elected officials can explore the entire range of potential transportation opportunities and can make choices based on cost-effective alternatives and local requirements. These decisions will rely upon the accurate forecasting of future public transit needs and potential ridership as developed by the MPO in its alternatives analysis process. After identifying cost-effective options to serve the growth markets and/or low density areas in the region, the MPO can assist their local governments in contracting with private transit service providers.

Local governments face an exciting challenge in shaping public transportation policies for the '80s. Creativity and the willingness to implement new transportation alternatives are the necessary ingredients to solving our future urban transportation problems.

The two 1984 Conferences on Public/Private Partnerships in Transit sponsored by the National Association of Regional Councils and the Urban Mass Transportation Administration and this handbook which identifies important public/private collaborative efforts are intended to provide the reader with a better understanding of the role that the private sector can play in public transit.

Luncheon Remarks of
Ralph L. Stanley
Administrator
Urban Mass Transportation Administration

September 11, 1984

I am pleased to be here today, and delighted to see that so many of you have taken time from your many obligations to attend a conference on public/private partnerships...a topic of keen interest to me personally, and an issue of major importance to this administration.

As you are all aware by now, the federal funds that provide aid to localities for improving transit are subject to certain constraints. I might also add that there is a limit to local tax dollars available for this purpose.

It is therefore up to us to explore all possible means by which we can best meet the challenge of cost-effective transit development. Recently a growing trend has appeared across the country, whereby the private sector, in coordination with the public sector, has been playing a more active role in providing public mobility.

For instance, we have documented an increasing number of innovative ways in which taxis and private bus services have been incorporated into the public transit system in cities nationwide, from San Diego and Los Angeles to the Norfolk Tidewater Transit District, as well as smaller communities such as Ann Arbor, Michigan. Each particular case differs in its strategy, but all achieve the same ultimate benefits: cost reduction and service level improvement.

Numerous jurisdictions, including Houston, Cleveland, Hartford, Chicago, and Boston, have contracted with privately-operated express commuter bus services. The use of these lines has led to a decrease in both peak hour congestion and operating costs, while at the same time boosting customer satisfaction. These are all examples that I'm sure are currently being discussed in your workshops.

In addition to the situations I've just mentioned, there are several cases of unsubsidized service. In New York City, 700 private buses bring 100,000 daily commuters into Manhattan from New Jersey, Long Island, and Westchester County. In Los Angeles, 14 independent companies carry 6,000 daily riders, while in the Chicago area, some 3,000 passengers are served each day by private bus lines.

There have also been instances where private interest groups have banded together to provide free or low-cost volunteer transportation service to specific groups. This situation exists in areas like Annapolis, Maryland; Des Moines, Iowa; Johnstown, Pennsylvania; and Huntsville, Alabama.

Added to this list is a growing number of locations where private investors, builders, and local employers have contributed funds, land, or facilities for the construction and operation of projects that have an impact on their economic viability.

What impresses me most as these situations come to my attention, are the variety of ways in which the private sector has become involved, and the creative means by which they have been integrated with public transit.

I am convinced, that to gain the maximum advantage from private sector participation, this integration must be carefully carried out.

I am certain that one of the most important steps in laying a solid foundation for this partnership exists in the early stages of the local planning process.

It is for this reason that we have come to you today, and why I am so happy to be able to share some of my thoughts on this matter with you. It will be the decisions you make at the local level that will determine just how fruitful public/private partnerships can be.

One area of major concern to me is the importance of making sound decisions on major new transit investments.

I believe that this responsibility rests squarely on the shoulders of planners and their ability to accurately forecast public transit needs and potential riderships.

Only when this foundation is properly laid can local policy makers and political leaders effectively formulate financing strategies that realistically match the needs of the community, and take full advantage of the range of opportunities open for public/private cooperative ventures.

One of the most impressive illustrations of effective early planning is the 1984 Olympics and the transportation services to support this event. This example demonstrates the ability of planners and political leaders to meet the diversified and sensitive requirements of a particular community.

Each of these decisions, as most of you know, relies upon data and plans that are developed in the alternatives analysis process. We will continue to depend upon the professionalism and accuracy of those plans you prepare, so that the best decisions may be made by both local and federal governments.

As vying for scarce federal funds escalates, the most successful competitors, while I am Administrator, will be those systems supported by effective, thoughtful forecasting of local needs and a thorough evaluation of cost-effective alternatives by regional policy makers.

Transit systems designed strictly for political reasons, without the support of sound, rational planning, are doomed to failure.

It is this administration's firm contention, that local decisionmakers, who are closest to the problem, and who will be most directly affected by any action taken, must be given the greatest flexibility in managing local affairs.

Our role is to support you in whatever ways we can. Let me therefore review briefly the actions being taken by UMTA to support orderly integration of private sector initiatives.

First: While I expect to announce soon the issuance of our policy on "Private Enterprise Participation in Urban Mass Transportation Programs," which is presently still in OMB for review, I would like to point out two key components of the policy. These features reflect the sentiments of this administration, as well as congress, as delineated in sections 3(e), 8(e), and 9(f) of the STAA act of 1982:

- A. **The Meaningful, Early Involvement of the Private Sector in the Local Planning Process.** We feel that early involvement leads to a much more constructive relationship and avoids the complex conflicts generated if this process is delayed; and
- B. **Consultation With Available Private Sector Interests Involved in Providing Public Transportation.** Frequently, opportunities for meaningful participation are missed. Therefore, we encourage the exploration of the full spectrum of potential opportunities during the planning process, giving priority to those ideas that can be implemented without subsidy, and those with the lowest possible level of subsidy.

In the past we have been too quick to offer help from the private trough without sufficient deliberation.

The examples you will be discussing today offer proof that alternative solutions are frequently possible. Even when help is needed and can be justified, certain strategies for including private participation can be more effective than others, such as the buying and leasing of vehicles to private providers, and the adoption of user-side subsidies.

Secondly, UMTA initiated a blue ribbon panel of advisors, chaired by Mr. Ken Orski, to recommend ways for accelerating the proper integration of private sector providers. Action has been taken in three of the five areas highlighted by the group. The panel is now preparing specific strategies for implementing additional actions consistent with their initial suggestions. It is our intention to continue working closely with these individuals.

We have also established, in partnership with FHWA, and state and local agencies, a "Joint Center for Urban Mobility Research" at Rice Center. The purpose of this center is to act as a clearinghouse for the exchange of information regarding private sector initiatives, provide technical support to those localities requesting help, and conduct related research. Rice Center participation in these activities has markedly increased within the last year. They have been instrumental in the development of a variety of creative ideas for private/public enterprise, and their research assistance has been invaluable.

Finally, in addition to the studies and demonstrations sponsored by my office, we have been working closely with Mr. Hartman and his staff to conduct research on ways to attract and employ greater private sector participation in the local planning process. This conference is one product of that effort. Another is a guideline handbook that, I am told, will be published as soon as the research is completed.

In closing, I would like to note that I am particularly grateful to Mr. Hartman and Chris Steinman for their strong and enthusiastic support of a policy that is so important to this administration.

There can be little doubt that the support of local decisionmakers at the early stages of the planning process, especially in forecasting future needs, is essential to the type and degree of private involvement that can be possible. The benefits of such partnerships will be proportional to your support. To attain this we require both energy and a great deal of creative imagination on your part, because there are currently few examples that we can find to follow.

Thank you for your kind attention, and I hope that you will all take away from these workshops a better understanding of the prominent role that the private sector must play in public transit if it is to flourish in the years to come.

Opening Remarks of
Alfred DelliBovi
Deputy Administrator
Urban Mass Transportation Administration

June 21, 1984

Priorities for transit are changing. Public monopolies of transit systems must be redirected to include private sector involvement. MPOs need to refocus their efforts on major areas that include:

1. Planning for cost-effective capital projects.
2. Short-term planning to increase effectiveness and efficiency of transit operations.
3. Management and planning to improve private sector participation.

Likewise the private sector must recognize that MPOs are the liaisons between the business community and the public sector.

Today, forecasting and long-range financial plans are essential because of the scarcity of transit financial resources.

UMTA Administrator Ralph Stanley believes fiscal restraint should initiate greater emphasis in the following areas:

1. Assisting local transit and planning agencies in modernizing management analyses and fundamental planning capabilities.
2. A research and technical assistance program.
3. Development of resources at the state and local level.

The interaction between public and private partnerships should take place early in the planning process for there is a direct linkage between business and transit and their ability to create economic activity, economic success and transit. Therefore, private sector financial participation is an invaluable tool for major transit projects. This kind of involvement provides additional revenue, reduces the need for transit subsidies, enhances ridership, and generally improves the quality of the service. The theme for today should allow the private sector into the public planning process and into the public process of delivery and operation. Those who traditionally have been with the public sector should not be fearful but, rather, should welcome this spirit, this know-how, this ability to solve problems where the public sector lacks the

technical skills. True partnerships should provide public transportation to the community in a way that is efficient and cost-effective to meet the needs of the business community, transit dependent and the entire community. UMTA has sponsored a "Blue Ribbon Panel" to draw out the critical issues that make it difficult for the private sector to participate in transit industry activities and has already developed and implemented three of the five areas recommended by the panel. The current administration has paid particular attention to the recommendation that we increase private sector involvement in the local transportation planning and decision-making process, and we cannot overly stress the private sector's capability not only to improve urban mobility but to accomplish this goal in a cost-effective manner. UMTA's policy on private enterprise participation in mass transit programs has been approved within the Department and has been presented to OMB for review and final approval. It includes the following:

1. Ensure that private operators are given an opportunity to provide an increasing share of the transportation services which receive federal assistance.
2. Streamline the entire planning participation.
3. Stress early and meaningful private sector participation.
4. Encourage provision of unsubsidized services in the free market.
5. Rulemaking that will focus on private sector resources and capabilities in the provision of services as well as financing major capital projects.
6. UMTA's support of major urban mass transportation investments.
7. Funding decisions on new starts that will be cost-effective, pay close attention to both alternatives analysis and to the degree of stable and dependable non-federal sources to keep systems operating.

Moreover with 33 rail or light systems in the pipeline, the new policy will provide guidance for the allocation and apportionment of the funds available through the Surface Transportation Assistance Act of 1982 as well as tap available resources from the public and private sector in order to stretch the dollar and produce results.

Keynote Remarks of
Ronald J. Monark
President and Chief Operating Officer, ATE Enterprises, Inc.
Chairman of the Board, ATE Management and Service Company, Inc.
Cincinnati, Ohio

September 10, 1984

"Transit in Transition," a new social contract for urban mobility written by Milt Pikarsky and Christine Johnson contended that there has been a forty or fifty year social contract between the public sector who builds the roads and transportation systems, the private business sector who provided parking facilities and/or located near public transportation and the private citizen who either locates near public transportation or buys an automobile.

Substantial policy changes are needed in six areas: energy, infrastructure, productivity, personal mobility, government, and technology. In particular the personal mobility policy included:

1. Federal subsidies for public transportation.
2. Local decision-makers should make their own decisions.
3. Local governments should share in federal and state tax revenues.
4. Management incentives should be provided for public systems.
5. Transportation planning should take into account today's lifestyle and be structured around auto use.

The private sector is clearly calling for a major shift in local planning, local decision-making and local implementation.

Conclusions for implementation of the national policy in the promotion of the public private partnership included the following:

1. A comprehensive policy framework for public transportation that utilizes a mix of transportation services, minimizes cost, and provides extensive service.
2. A policy framework should be developed through public/private cooperation.
3. An agenda of short term projects must be established based on long-term strategy.
4. A long term continuity should be preserved by active participation of public and private organizations and key individuals.

There are no single solutions. Each local situation must be analyzed to determine the role of business, light and heavy rail, vanpooling, ride sharing, privately owned vehicles, taxis, people movers, elderly and handicapped services, limousine services, charter operations and trolleys. Hong Kong has a marvelous system using rail, trolleys, buses, vans, and taxis, based on the public and private cooperation that went into its development. The August 27 edition of Business Week had a major article on the cost of mass transportation in the U.S. and it extolled the virtues of the Hong Kong system which carries about 75,000 people per mile, per day.

Avoid pitfalls of individual model advocacy or turf problems that arise between public and private sectors.

Include all segments of the public and the private sector in a general policy situation: Employers, service providers, developer-real estate investors, other economic beneficiaries, consultants, academicians and researchers.

Now it is time to listen to the true needs of our cities and the public. It is time for all of us to quit selling our individualized and unique products and put together a transportation scheme that will minimize cost and increase service to all citizens.

Opening Remarks of
Wayne Ratkovich
President, Ratkovich, Bowers, Inc.
Vice Chairman, Central City Association
Los Angeles, California

September 10, 1984

Public/private partnerships have been of interest to me for the past four years and the application of this concept to transit was a natural consequence in a city whose citizens unanimously identify transportation as the most critical community-wide concern.

The private sector is willing to devote time, talent and energy for the welfare of the city. A recent survey done by the Central City Association indicated that chief executive officers of Los Angeles based corporations spend in excess of 30 percent of their time on civic affairs.

The private sector is more than chief executives of corporations. It is all the people in the city and all of its institutions.

People spend a great deal of time in cities and in many ways it is a reflection of themselves. Business has recognized that a healthy, vital and exciting city provides the environment for business opportunity and success.

There are four areas where the romance between the private and public sector can succeed:

1. A comprehensive planning strategy is needed for the transportation improvements that involve major urban planning issues;
2. Cost/benefit analysis can be used effectively to the proposed transportation systems;
3. Establish community support;
4. Seek innovative ways of dealing with money scarcity e.g. sales tax.

Political office holders and public officials have an important role and responsibility in this process. Their task is to articulate vision.

Opening Remarks of
Gary L. Brosch
Director
Joint Center for Urban Mobility Research, Rice Center
Houston, Texas

September 10, 1984

A good system to achieve new private/public relationships is to share information with those who have never entered into these partnerships to give them the necessary starting point. We at the Rice Center believe competition and profit motivate efficiency. Some helpful Rice Center publications on the subject that focus on implementation are:

1. Alternative Financing for Urban Transportation-State of the Art Case Analyses.
2. A Guide to Innovative Financing Mechanisms for Transportation.
3. Administrative Impacts of Private Financing Techniques for Urban Transportation.

These publications focus on implementation. Some general observations to remember are the following:

1. The private sector is not altruistic. They are out to make a profit. After looking at their profit/loss statements, balance sheets and sales forecasts, the private sector has realized that transportation is important to their business.
2. The private sector wants to get involved in the planning process but there are procedural and contractual problems. Local governments should help the private sector in these areas.
3. The public sector is fearful that those who pay the most will get service at the expense of the needy.
4. Private sector involvement should be early in the planning process.

While at the workshops it is important for participants to ask questions about what the problems are and who the key players are in the effort, so all of you can take home from here one idea that you can implement in your area.

**SUMMARY OF MPO SURVEY RESULTS
CONDUCTED BY THE
NATIONAL ASSOCIATION OF REGIONAL COUNCILS**

In an effort to gauge the level of public/private collaborative efforts in transit, the National Association of Regional Councils (NARC) in cooperation with the Urban Mass Transportation Administration developed and distributed a survey to all Metropolitan Planning Organizations in November, 1983.

The survey covered six topic areas. Three of these provided the framework for Conferences--Planning for Private Provision of Transit, Private Sector Involvement in Promoting Public Transportation, and Private Financing of Public Transit Capital.

The National Association of Regional Councils distributed 320 surveys and received 168 returns (53 percent). Virtually all of the major metropolitan areas responded. Many unreturned surveys were from newly urbanized areas or MPOs under 200,000 in population. In addition several of the open-ended questions were unanswered mostly due to their non-applicability or lack of understanding from the respondents.

More specifically the questions dealing with the transportation planning process had high response rates. Only two percent of the respondents did not reply when asked how the private sector was involved in the MPO planning process. Seventy-four percent of the respondents said that the private sector was a member of an MPO Advisory Committee and attended public hearings. When the MPOs were asked what private sector organizations they regularly involved in their planning process, only three percent did not respond. The majority of respondents involved downtown business groups, developers and the chambers of commerce.

An interesting trend was discovered. When the private sector was involved on a regular basis in the initial stages of the local decision-making process, it was likely that they were also involved in other areas such as private contracting of fixed route services. Conversely, when the private sector had little or no ongoing involvement in the planning and programming process, there was rarely any meaningful joint initiatives on projects or programs by the MPO and the private sector in that region.

The following is a breakdown of the data from the topics which were addressed at the workshops.

Private Provision of Transit Services

Each MPO was asked if it was involved in the delivery of fixed route transit services. Of 168 respondents, 32% said yes and 68% said no. For those who said yes, almost half provided administrative or technical assistance. A percentage breakdown for those who said yes is provided below. Percentage total will exceed 100% because of multiple response answers.

48%	Administrative/Technical Assistance
30%	Planning
30%	Contracts
9%	Funding
6%	Other
2%	No Response

Those who said no were asked what the impediments were that prevented them from getting involved. Almost 30% said that there were no impediments or stated a reason that was classified as "other". Eighteen percent gave no response and 16% cited a lack of interest or no need. The percentage breakdown for those who said no is below.

29%	No Impediments/Other
18%	No Response
16%	Lack of Interest/Need
15%	Municipal Operators Provided Transit Services
11%	Lack of Private Operators in Region
10%	Not Viewed as an MPO Function
4%	Lack of Funds

Private Provision of Transit Services

Each MPO also approximated the percentage of its daily ridership that was serviced by private operators. The data below indicates that the largest percentage of respondents did not know or did not respond. Thirty percent estimated the percentage to be somewhere between 1% and 25%.

45%	No Response/Unknown
30%	1%-25%
15%	0%
7%	75%-100%
1%	25%-50%
1%	50%-75%

Private Sector Involvement in Promoting Public Transportation

The MPOs were asked to what extent the private sector was involved in promoting public transportation. We found that the most popular private sector activity was vanpool matching. The other activities cited by MPOs are listed below.

- 51% Vanpool Matching
- 35% Bus/Rail Routes and Schedules
- 28% Discounted Transit Passes
- 26% Promoting Staggered Work Hours
- 23% Other
- 20% Subscription Bus Service

In many cases, the private sector received assistance from the MPO in promoting public transportation. The MPOs provided the following services.

- 67% Administrative/Technical Support
- 30% Public Relations
- 27% Computer Matching
- 24% No Response
- 11% Funding
- 1% Other

Private Financing of Public Transit

Using a series of multiple choice questions, the MPOs were asked to indicate what type of financing was used to fund capital facilities. Sixty-seven percent said that only local, state and federal revenues from grants and/or taxes were being used, twenty-seven percent said that those were not the only funds being used, and 6% did not respond. When asked if other sources were used, 54% said no, 32% said yes and 14% did not respond. If no other sources were used, the MPOs were asked if private funding resources were considered. Thirty-eight percent said no, 24% said yes and 39% did not respond.

The MPOs were asked to identify and describe their experiences in getting the private sector involved in joint public transit financing ventures. A surprising 70% of the MPOs did not respond or had no experience in this area. The most experience by the MPOs was in contractual services, where 12% were involved.

- 43% No Experience
- 23% No Response
- 12% Contractual Services
- 10% Sales/Leaseback
- 9% Joint Development
- 9% Technical Assistance/Revenue Sources for Private Sector
- 2% Special Benefit District

CASE STUDIES OF PUBLIC/PRIVATE PARTNERSHIPS IN TRANSIT
PRESENTED BEFORE THE NARC/UMTA CONFERENCES IN 1984

EXECUTIVE SUMMARY

Presentations given at the workshop sessions of the two NARC/UMTA Conferences essentially focused upon successful public/private transit ventures in various cities across the country. Workshop speakers representing metropolitan planning organizations, local governments, public transit agencies, and the private sector focused upon issues such as:

- the objectives of their specific public/private joint transit venture;
- the benefits that accrued for both public and private sectors;
- an assessment of the political, legal, financial and operational barriers and how they were overcome;
- lessons learned and recommendations on key ingredients needed in order to implement a successful transit program or project.

Virtually all of the case study presentations made during these two conferences can be found in Volume II (Appendix) which has been prepared by the National Association of Regional Councils and published by the Urban Mass Transportation Administration.

Highlights of a few case studies are:

- The Southern California Association of Governments, the Los Angeles region MPO, established a special task force of bus operators, public transit authorities and other regulating agencies to provide policy recommendations on improving the current commuter/express bus service. That task force recommended that if the private bus companies took over 22 public lines, the region would save \$5.5 million annually and the subsidy of a trip would be reduced by 92.4 percent;
- Portland Oregon's Light Rail Project has provided a focal point to integrate transportation, land use planning, and urban economic expansion into well planned development. The Metropolitan Service District, Portland's MPO, played a key leadership role in planning and promoting joint development around 25 rail stations of the new Portland Light Rail Project, which will be operating in 1986. The MPO developed comprehensive land use plans adopted by the local governments which controlled sprawl and directed development sites. One key to Portland's success was the early involvement of the private sector. The plans for the light rail station areas

were based on real estate market forecasts and withstood periodic review of private developers and bankers. The private sector has begun to take serious positive action to capture the opportunities afforded by light rail.

- In the Twin Cities area, the state legislature approved legislation in 1984 that separated the planning and operating functions of the public transit authority with the establishment of a new Regional Transit Board and thereby transforming the transit authority to a publicly-owned bus company responsible only for providing public transit service. The creation of this new policy-making transit board was the result of a study and subsequent recommendation of Metropolitan Council of the Twin Cities Area, the MPO. The establishment of the new board is seen as a way of providing better and more cost-effective transit services especially to the suburbs by contracting these routes with private bus operators. Members of the board have been appointed by, and report to, the Metro Council.
- The Metropolitan Transportation Commission in California, the Bay Area's MPO, initiated a Commute Alternatives Program which trains corporate managers on ways to promote the use of public transportation to ease their employees' long commutes. These corporate managers are trained by MTC to implement programs such as subsidizing transit, carpools and vanpools, preferential and free parking for carpools and staggered work hours. Since 1980, MTC has trained approximately 150 transportation coordinators for San Francisco Bay Area corporations, developers and local governments.

SUMMARIES OF WORKSHOP PRESENTATIONS AT NARC/UMTA
PUBLIC/PRIVATE TRANSIT CONFERENCES
JUNE 21-22, 1984
LOS ANGELES, CA

SEPTEMBER 10-11, 1984
WASHINGTON, DC

The following are summaries of the conference workshop discussions. They are divided into three primary categories; (1) planning for the provision of transit services; (2) private financing of public transit; and (3) private sector promoting public transportation. From the outset we were optimistic that these workshops would provide the vehicle by which we could strengthen the already existing private/public relationships as well as provide the necessary stimulus for the creation of new ones.

PLANNING FOR PRIVATE PROVISION OF TRANSIT

Workshop A - Los Angeles, California

Discussion Leader: Wendell Cox, Commissioner, Los Angeles
County Transportation Commission, Los
Angeles, California

The discussions centered around various efforts in the Sacramento and Los Angeles areas as seen from the perspectives of the MPO and public and private operators.

Wendell Cox defined private provision of public transit: "It is not the abdication of the public role to private providers--rather it is public authorities retaining full policy control while contracting service where public funds can be conserved or greater flexibility achieved."

The Southern California Association of Governments, the MPO for the Los Angeles region, studied the economics of private express bus services and found that private provider costs are about 50 percent below those of the public operators. The actual savings are greater because the private costs include vehicle capital costs. If, at the time of the study, service had been provided by the private sector on 22 bus lines an estimated savings of \$5,000,000 annually, or a 92.4 percent reduction in subsidy, would have occurred.

It is appropriate for some services to be contracted to the private sector. The Southern California Association of Governments (SCAG) has suggested that the commuter express bus service for the Los Angeles region be contracted out. Private contracting also is appropriate for off-peak, low demand services. However, the public transit authority will always be the primary provider on high demand routes and inner city services, thus protecting public transit employee's jobs.

All of the participants agreed that private providers are being utilized for various types of transit service. Private providers can be of great assistance to public transit authorities, should be more significantly involved in the planning process, and UMTA should make funds available to equip private providers to more fully and relevantly participate in the planning process. This funding would act as a catalyst to forge more significant private/public partnerships, hence, resulting in benefits for both riders and taxpayers.

Workshop B - Los Angeles, California

Discussion Leader: Peter S. Levi, Executive Director,
Mid-America Regional Council, Kansas
City, Missouri

The discussion centered around the changing role of the MPOs and public/private relationships in the operation of elderly and handicapped transportation systems in the cities of Kansas City, Missouri and Springdale, Arkansas.

The Mid-America Regional Council (MARC), the metropolitan planning organization for the Kansas City metropolitan area, has been involved in two transit programs using private providers. MARC contracts with six taxi firms and seven not-for-profit agencies to provide elderly and handicapped transportation. These services are available to all residents in the five counties on the Missouri side of the Kansas City metropolitan region. Service has been demand responsive, i.e., passengers are picked up at their homes and dropped off at their destination. MARC administers the contracts and monitors the service provided by the contractors who are responsible for dispatching the trips.

Prior to 1982, Johnson County, Kansas contracted with the Kansas City Area Transportation Authority (KCATA) to provide fixed route bus transit between the county and Kansas City, Missouri. In 1984, the county began contracting with the Mid-America Regional Council to provide transit management services. Management services include budget preparation, monitoring and analyzing transit services, qualifying new clients, handling complaints, and marketing campaigns.

The decision of the county to retain a private provider instead of the Kansas City Transportation Authority fueled the competition between the county and the central city--Kansas City, Missouri. Kansas City responded by restricting the location and number of transit stops and requires a \$500 license for each transit vehicle operating in the city.

The City of Springdale's Elderly and Handicapped Taxi Participation Program began operation in mid-May, 1983 as a result of cooperative agreements between the City of Springdale, C&H Taxi Company and the Arkansas Area Office on Aging.

The pilot program was designed to improve the mobility of elderly and handicapped persons through the issuance of coupons to offset a portion of the cost of a taxi trip through C&H Taxi, the city's local franchise taxi service.

The taxi service has been used in a routine manner except at the end of the taxi trip the rider presents an I.D. card that certifies he has been approved as eligible and a signed coupon to the driver. The driver collects the difference between the coupon (\$1.50) and the total fare. At the end of each month, C&H Taxi gets reimbursed by the City of Springdale (50%) and the Arkansas Area Office on Aging (50%) for each coupon accepted.

The program has proven politically acceptable in that it serves the "truly needy" elderly and handicapped sector of the city and that the city has been paying for actual delivered services. With the availability of Arkansas Area Office on Aging (AAA) funds and the eagerness of the AAA to participate in the program, the City's share of program costs (50%) has been minimal and thereby, politically acceptable among the city leaders and apparently by the general city population.

Workshop A - Washington, D.C.

Discussion Leader: Alfred LaGasse, III, Executive Vice President, International Taxicab Association, Rockville, Maryland (substituting for Buzz Rukin, President Hudson Transit Lines/Short Lines, Mahwah, New Jersey)

These discussions centered around the tremendous savings to the transit rider after the private sector became involved in transit services in the cities of Baltimore, Maryland; Highland, Indiana; and Washington, D.C. Baltimore's fixed route shuttle bus service was launched through the efforts of a newly established planning board comprised of members from the public and the private sector that acted as a non-profit corporation to provide access and mobility around the Baltimore-Washington International (BWI) Airport area. This corporation's, the Airport Area Transportation Collaborative (AATC), functions include: 1) operating a cooperative shuttle service and other paratransit services; 2) promoting increased utilization of commuter rail, transit and paratransit (e.g., carpools, vanpools) among area employers; 3) improving coordination between public/private interests in order to maximize development options and support improved mobility; and 4) promoting membership in the airport transportation collaborative among large residential and employment developments.

Highland, Indiana, like many cities across the U.S.A., has recognized the fact that there is a new transportation market brought about by escalating costs and inadequate service of the already existing systems, and the need for a more specialized service for the elderly and the handicapped. The Northwestern Indiana Regional Planning Commission, the MPO for the northwest

Indiana region, contracted services under a competitive bidding system, and in conjunction with the Hammond Intercity System (previously known as the Hammond Yellow Cab Company) which has saved Highland \$500,000 per year and increased ridership by 20 percent. These savings are apportioned through federal, state and local tax dollars in addition to a 50 percent taxi user subsidy program designed to reduce cab fares as well as encourage its use by the elderly, handicapped and low-income individuals.

Workshop B - Washington, D.C.

Discussion Leader: Wendell Cox, Commissioner, Los Angeles County, Transportation Commission, Los Angeles, California

These discussions compared the successes and failures involved in private provision of transit in the metropolitan areas of Westchester County, New York; Portland, Maine; and Washington, D.C.

Today it is often easier to travel across country than to get across the suburbs. Contracting has emerged because of public transit service and cost problems. Westchester County's private/public partnership has successfully utilized this concept. Although the respective responsibilities of the county and bus company have not been formally delineated, the transit system is under the overall policy direction, control and management of the county, with the private bus company implementing the county's policies.

By contrast Portland's express commuter bus service, offered by the regional transportation plan as a low cost alternative for commuters from outlying communities, has not succeeded mainly because local government and business leaders have had no active commitment to the service. Consequently, there has been no strong political pressure from outside sources to make this service a success.

The Metropolitan Washington Council of Governments conducted the Private Transit Operations Study to examine private transit circulation systems serving selected business districts in various cities to identify additional opportunities and implement similar services in the Washington metropolitan area. Recently there have been some good examples of increased private sector participation in funding and providing transit services to certain segments of the transit market. Private associations, including retailers and merchants, have begun to operate, promote, and fund transit services for their customers. This benefits the merchants by improving accessibility to their businesses, thus increasing their potential for attracting more customers. There were three rubber trolley systems selected for examination which had similar characteristics: 1) They were all initiated by the private sector; 2) They were all financed in part by the private sector, and; 3) Their goals had been established by the private sector when the system had been in the planning stage.

PRIVATE FINANCING OF PUBLIC TRANSIT

Workshop A - Los Angeles, California

Discussion Leader: Oscar Arbaca, Transportation Planner,
Southern California Association of
Governments, Los Angeles, California
(Substituting for Robert J. Harmon,
Managing Principal, Robert J. Harmon
Associates, Washington, D.C.)

The discussion centered around the private/public partnership experiences in the cities of San Diego, California and Portland, Oregon.

San Diego represents a community that learned its lesson about private/public partnership as it was proceeding with the construction of its light rail project, especially with respect to the integration of the stations with commercial development. By contrast the city of Portland controlled the direction of its joint development areas through the application of land use policies and preliminary planning. Both cities anticipate more extensive and coordinated joint development in the future.

All of the participants expressed frustration over the ambiguities found in the federal regulations as they relate to joint development, which has subsequently led to project construction delays, loss of time and money, as well as endangering the agreements between local cities and private developers. Nonetheless, the participants have expressed the opinion that the reservoir of "good will" and understanding has been created between the private and public sectors as a result of their respective experiences.

Workshop B - Los Angeles, California

Discussion Leader: Gary L. Brosch, Director, Joint Center for
Urban Mobility Research, Rice Center,
Houston, Texas

These discussions cited private/public participation in varying degrees in the cities of New Orleans, Louisiana; Houston, Texas; and Las Vegas, Nevada.

New Orleans' long-range transportation plan has shifted towards the implementation of short-range transit and improvement projects. The large scale, high-density mixed use projects, in various stages of development, range from totally private investments as in the case of the Fair's Monorail and Gondola System (\$12 million) to joint public/private efforts such as the Rouse Company's retail complex and direct funding from a special taxing district in the downtown area subsidizing \$100,000 out of a total of \$800,000 of that service.

Houston's transportation system has always benefitted from the vision of its freewheeling entrepreneurs. Although it has developed a long-range mobility transportation plan, like New Orleans, the private sector involvement has concentrated on the short-range planning process that has included conducting thoroughfare and mobility studies as well as the turn-key development process for park and ride lots.

By contrast Las Vegas has had a privately operated transit system under the Las Vegas Transit System, a wholly owned subsidiary of the First Line West Corporation. The Las Vegas Transit System's strategy of serving captive riders first, sharing overhead and maintenance expense with another corporation and obtaining fare increases to cover costs has made the Las Vegas Transit System profitable and the last private operator in a city the size of Las Vegas.

Workshop A - Washington, D.C.

Discussion Leader: Gary L. Brosch, Director, Joint Center for Urban Mobility Research, Rice Center, Houston, Texas

The discussions included the different techniques that have motivated private sector involvement in obtaining transportation funding in the cities of Knoxville, Tennessee; Ft. Lauderdale, Florida; New York, New York; and Atlanta, Georgia.

Recognizing the need for generating additional funding to maintain basic levels of transit service, a two-part effort has been undertaken in Knoxville by the Knoxville County Metropolitan Planning Commission. The first study has identified and analyzed innovative funding enhancement strategies that include legalized gambling, motor fuel tax and a sales tax. The second part has involved cooperation between the public and private sector to develop an implementation plan for one or more of these strategies.

The downtown Ft. Lauderdale People Mover and associated Special Benefits Assessment District projects currently under study in Broward County have emanated from a private sector statement of transportation need rather than from the areawide transportation plan. A primary motivation has been to avoid future restrictions on desired growth and development in addition to maintaining adequate access to existing development.

New York's private sector contributions to station improvements takes many forms and has involved a closely structured cooperation between transit planning and zoning agencies. It has stimulated \$100 million worth of private investment that is either underway or committed in New York City. There have been four general approaches to this form of active private/public cooperation:

- Comprehensive public development
- Negotiated amenity packages
- Special zoning districts
- General zoning provisions.

The Atlanta Regional Commission (ARC) was established in 1971 and entered into a joint agreement with the Metropolitan Atlanta Rapid Transit Authority (MARTA) and the Georgia Department of Transportation to conduct the transportation program for the region. Their response to transit has been not only to carry people but to have an enormous impact on the communities and neighborhoods through which it passed. In the early 1970's with considerable funding from the Urban Mass Transportation Administration (UMTA), a series of transit station area development studies sought the development of land use plans which would minimize traffic impact to establish communities and maximize development opportunities at specified stations.

Joint development at the Metropolitan Atlanta Regional Transit Authority has included:

1. Sharing or joint purchase right of way and concurrent construction.
2. Direct connections between buildings and stations, and provision of knockout panels for future development.
3. Leases of air rights or surplus property.

All the participants agreed that private/public partnerships operate in all size metropolitan jurisdictions and need private sector involvement early in the planning process as well as quick professional responses for the private sector in order to insure their participation and success.

Workshop B - Washington, D.C.

Discussion Leader: Charles Scurr, Chief, Office of Policy Planning, Metropolitan Dade Transportation Administration, Miami, Florida. (Substituting for Joseph Harmon, Principal, Robert J. Harmon & Associates, Washington, D.C.)

The discussion covered a broad spectrum of successful private/public relationships in the cities of Miami, Florida; Washington, D.C.; and Columbus, Ohio.

Mid-Ohio Regional Planning Commission (MORPC), the MPO, the Chamber of Commerce and the Columbus Ohio Transportation Authority (COTA) have worked together well in the planning and implementation of transportation projects. MORPC and COTA have cooperated in the

development of regional transportation legislation to the passing of tax levies, as well as developing medium-long range transit plans including corridor alternatives. MORPC also has had a long history of packaging major projects with the business community that includes relocating a prison outside of downtown Columbus and breaking the logjam on the construction of a major interstate highway. The focus of this workshop discussion centered around the MPO working with the transit authority and the Chamber in the planning and packaging of a new downtown transit/pedestrian mall to improve transit operations and service and to encourage development in downtown Columbus.

Despite Washington, D.C.'s multiple geographical and political jurisdictions, it has had good joint development because it recognized the direct and the indirect financial benefits from private/public partnerships and that joint development needs to be understood from a market and business perspective.

In Florida, the Station Area Design and Development (SADD) has been a cooperative effort involving the Kaiser Transit Group, Dade County Planning Department, Dade County Department of Traffic and Transportation, the cities of Miami, Coral Gables, South Miami, Hialeah, the Downtown Development Authority and the Office of Transportation Administration. Consequently Dade County residents will have a balanced transit system consisting of a rapid rail transit system, an extensive network of bus routes to bring patrons to the rail system and an automated people mover to provide access to downtown Miami business, retail and government centers. Moreover, the system can trigger revitalization around its stations in the form of development and redevelopment, or it can be blended into adjacent neighborhoods without introducing change. Dade County serves as both the public transit agency and the MPO.

PRIVATE SECTOR INVOLVEMENT IN PROMOTING TRANSIT

Workshop A - Los Angeles, California

**Discussion Leader: C. Kenneth Orski, President, Urban
Mobility Corporation, Washington, D.C.**

The discussion centered around the effective public/private partnerships in promoting public transportation in the cities of Minneapolis, Minnesota and Los Angeles, California.

There are two examples in the Twin Cities where the Metropolitan Council, as the MPO, has played a significant role, together with the private sector, in promoting public transportation. One example has been the separation of the planning and operating functions of the Regional Transit Authority with the establishment of a new Regional Transit Board (RTB), thus transforming the transit authority into a publicly-owned bus company. The RTB will do the short-range planning, financing, coordinating and brokering of publicly and privately provided transit services in

the metro area. The RTB board was appointed by, and reports to, the MPO.

The second example is the establishment by the MPO of a Metropolitan Ridesharing Board to plan and coordinate ridesharing in the metropolitan area. The Board has concentrated its resources on the marketing of ridesharing in downtown Minneapolis and a new interstate freeway (I-394). The Board also has initiated and actively promoted legislative changes to remove barriers and provide incentives to share rides. In addition, the Board has been responsible for matching assistance to organizations and businesses interested in establishing ridesharing programs, which ultimately have been shown to be the most effective strategy for relieving highway congestion and for providing access to work in the event of a crisis in fuel supply.

In addition, Commuter Computer, a Los Angeles based firm which assists numerous local corporations with their employee commuting problems, has been effectively used to anticipate and alleviate transportation problems during the 1984 Olympic Games.

Workshop B - Los Angeles, California

**Discussion Leader: David A. Schreiner, Executive Director,
Omaha-Council Bluffs Metropolitan Area
Planning Agency, Omaha, Nebraska**

The discussion centered around programs that innovatively involved the private sector in promoting public transportation in the cities of Eugene, Oregon and San Francisco, California.

The conflicting parking problems in an area comprised of a university, central business district, major hospital and an older neighborhood initiated Eugene Oregon's Disincentives Program. This involved parking policy strategies to provide disincentives to driving alone. More specifically, the program involved residential preferential parking, all day parking permits and computer controlled parking meters with variable rates for commuter savings.

Acting as the Metropolitan Planning Organization in the San Francisco Bay Area, the Metropolitan Transportation Commission has been concerned that the transit system be developed to provide service in an efficient and cost-effective manner. Transportation Systems Management is a term coined to describe the management of a transportation system with the goal of increasing capacity with a minimal capital investment. A spin-off of this concept has been MTC's Commute Alternatives Program that came as a direct response to California's gas shortage. The program has involved the employer in the promotion and/or provision of the commute alternatives for employees with emphasis on reducing the number of people who drive alone to work. Ridesharing and the use of transit has been the focus of this effort. MTC's Commuter Alternative Program has helped top management in the Varian Corporation in Palo Alto, California and the Bishop Ranch Park in San Ramon, California

to develop an incentives package to encourage their employees not to drive alone to work.

More specifically, Bishop Ranch's transportation objectives have been to hold its drive alone rate at 50 percent and to maintain its current vehicle occupancy rate of 1.6 persons. The following activities have been implemented for the Bishop Ranch Park to minimize the number of people who drive alone to work:

1. Nonprofit park transportation association which will finance basic transportation services;
2. Commuter store which will provide ridematching services and information on commuter options;
3. Luxury shuttle connecting the park with the Walnut Creek Bay Area Rapid Transit Station;
4. Shelters throughout the park for shuttle passengers and ride groups;
5. Bicycle parking;
6. Dedication of abandoned railroad right-of-way for a future future light rail line; and
7. Commitment to construct a station on park property.

All the participants agreed that long commutes and fatigue can cause a loss of productivity. The private sector has been looking at less costly sensible solutions to these transportation problems that include subsidy transit, carpools, bus shelters, shuttle services, flex-time and staggered work hours. Moreover, there has been a national concern about gasoline shortages and the public, as well as employees, have now looked to the employer to solve high parking costs. Therefore, it is most important that the private sector be involved prior to implementation for effective promotion of transportation programs.

Workshop A - Washington, D.C.

**Discussion Leader: B. R. Stokes, Senior Vice President,
International ATE Management and Service
Company, Inc., Arlington, Virginia**

The discussion centered around the private sector's successful implementation of new methods to promote public transportation in the cities of St. Paul, Minnesota and Baltimore, Maryland.

The 3M Company based in St. Paul made innovative solutions to practical transportation problems. Since there was no line haul service into the 3M complex, the company developed a program with a private bus service to pick up one-half of the subsidy until transportation loads reached seventy-five percent of seating capacity, at which time buses would pick up the entire cost, and

the joint operation would go to creating new lines. As a result of this project, there are nine separate lines serving the 3M Complex. Other 3M initiatives have included subscription services, a monthly pass service, carpooling and vanpooling. The benefits from these measures have resulted in reduced automobile use as well as utilization of acreage space in the headquarter's complex.

Following the success of 3M Company's vanpool program, the Regional Planning Council (RPC), the Baltimore region's MPO, began studying Maryland's regulatory and legal framework to determine what barriers existed to the formation of carpools. The Regional Planning Council lobbied the state legislature and helped draft a bill defining vanpooling that permitted it as a non-profit form of employee transportation. Also, the RPC played a direct role in the formation of Maryland's non-profit ridesharing corporation "VANGO."

Moreover, the Baltimore MPO's often documented "Rush Hour Project" (TSM Project) was a joint effort between the public and private organizations. Under this program, the MPO has assisted employers in reducing employees commuting costs by ridesharing. It represents a major regionwide commitment to employer based outreach programs and has called attention to measures not otherwise addressed in the region, such as variable work hours, parking management, bicycle commuting and ridesharing.

Workshop B - Washington, D.C.

**Discussion Leader: Richard Bradley, President,
International Downtown Executives
Association, Washington, D.C.**

The discussion centered around the private sector's successful implementation of new techniques to promote public transportation in the cities of Detroit, Michigan and Hartford, Connecticut.

Historically, the private sector in Detroit has played an active role in supporting public transit. Leaders in the private sector have recognized the critical need for transit in the area and the potential impact of transit, particularly fixed-route service, on economic development. A coalition of people from the business, labor, education and government sectors, called The Metropolitan Fund, have formed together to address regional issues.

Today, the private sector is actually seeking involvement in the resolution of transit issues and the public sector is actively encouraging and creating means for that involvement through the efforts of the Detroit Chamber of Commerce.

In Hartford, Connecticut, cooperation between the public and private sector has led to both new development techniques and reinforcement of traditional means to solve transportation problems. Some of these means include:

1. Input into the planning process from major downtown employers;
2. Provision of commuter express service;
3. The Monthly Transit Pass;
4. Ridesharing;
5. The Downtown Hartford Transportation Project.

Overall, the majority of actions have involved small incremental steps that represent changes to existing operations.

SUMMARY AND RECOMMENDATIONS
BY THE
NATIONAL ASSOCIATION OF REGIONAL COUNCILS

The two NARC/UMTA Conferences on Public/Private Partnerships in Transit were excellent opportunities for members of the business community, chambers of commerce, private transit companies to meet with key representatives of MPOs, public transit agencies and state and local governments to learn how their peers have planned and implemented success public/private transit ventures. The conference case studies in the Appendix (Volume II) provide the reader with indepth information on the particular transit joint ventures including objectives; any legal, organizational, financial, and political obstacles and how they were overcome; the benefits accrued for both the public and private sectors; and lessons learned.

Although a wide range of public/private transit projects were presented at the conferences, some general comments and recommendations emerged on ways joint ventures can succeed. The purpose of this summary is to highlight these points made by both public and private sector conference participants.

1. Meaningful Involvement of the Private Sector in the Local Planning Process Before the Decisions are Made.

Of all the issues raised, this recommendation seemed to generate the most agreement among conference participants. According to the NARC survey sent to all metropolitan planning agencies, the majority of MPOs now involve the private sector in their planning process through public hearings, special task forces or committees. Few involve the private sector during the development of the unified work program when the highway and transit projects are being programmed and funds are being allocated. Invariably, those MPOs that were involving the private sector in the early stages of their planning process on a regular basis also were working with the private sector on a specific project or program. Clearly, conference presentations underscored the fact that thriving partnerships mean bringing the private sector on board during the initial transportation decision-making procedure.

To ensure that the private sector has its views considered, UMTA issued a policy directive in the October 22 Federal Register which requires the early involvement of private transportation providers in the planning process. Further, UMTA has establish a new Office for Private Sector Initiatives to assist the private sector in this activity.

With this mandate, the MPO will need to educate the private sector on its region's transportation goals and objectives, put members of the

business community on its transportation task force or committee and try to get their active involvement during the development of the Transportation Improvement Program.

An ideal model is one where the MPO has engaged both the private sector and public transit operators in this manner by modifying its planning process to integrate both UMTA Section 8 planning funds and Section 9 capital and operating funds into one planning and operational procedure for allocation of transit resources.

The current fragmentation problem stems from the fact that while the MPO receives the UMTA planning funds and in some cases the Section 9 monies, in most instances, under current law, the Section 9 money is provided to the public transit authority. So, for instance, if an MPO is trying to pass a portion of these capital and/or operating funds through to private operators, it becomes a difficult task if the public transit agency has control over this money. For this reason, NARC recommends that the UMTA Act be amended to insure that a more neutral agency, such as the MPO, be the designated recipient of Section 9 funds. If an agency's basic function is to plan rather than operate service, it may be open to new ideas, more willing to contract or examine other options.

What steps should the private sector take to participate meaningfully in the local planning process? The private sector must be committed to learning about the transportation problems in the region and future transit demands, how the funding is allocated and who the key players are. In addition, the private sector should regularly attend MPO meetings preferably as committee members.

At the conferences, some private operators stated that they do not have the time to attend these meetings especially if they are not assured any financial return. But if these meetings are approached as an investment and the business community does not invest its time, then there is no potential payoff.

Several conference participants recommended alternative ways that private operators might get involved in the process if they lack time and/or staff resources which include:

- small private operators in a region can band together to establish an association where a representative can attend public agency meetings and be appointed to transportation committees;
- establish a contact on the transportation planning organization staff--one of the planners or engineers--who can stay in touch on a regular basis to indicate which MPO meetings are of critical importance and should be attended;

- hold informal meetings with members of the public and private transit operators and other public agency representatives. The Mid-America Regional Council, the MPO in Kansas City, Missouri, established an informal luncheon group of the region's public and private transit operators and transportation planners which meet every other month for lunch where they usually invited a government official as a guest speaker. They found this informal mechanism to be very successful. As discussed in Volume II, the Mid-America Regional Council contracts with six taxi firms to provide elderly and handicapped transportation services in the region and contracts with Johnson County, Missouri to provide transit management services.

2. The Private Sector Should Utilize the Database of its Metropolitan Planning Organization as a Marketing Tool.

These agencies serve as an invaluable broad database resource that goes beyond just a single local jurisdiction. Many MPOs have done studies on making public transportation services more efficient, targeting potential new markets for transportation services, and developing a more uniformed fare structure among the region's jurisdiction. In addition, MPOs representing major urbanized areas develop economic growth projections for the region and make this information available to their public officials and the private sector.

For example, the North Central Texas Council of Governments works with the Dallas/Forth Worth Chamber of Commerce to provide economic forecasting data and any other relevant services to promote Dallas/Fort Worth as a region aggressively attracting new industries to the area. The Southeast Michigan Council of Governments (SEMCOG) in Detroit provides staff and research for the Metropolitan Affairs Corporation, a private sector think tank operated by SEMCOG. This Corporation is undertaking a study on the economic development implications of transit in the Detroit metro area. General Motors financially supports this activity and has a seat on the Corporation's board.

3. Public Transportation Agencies Must Provide Incentives and Eliminate "Red Tape" to Encourage Maximum Private Sector Participation

Both parties must realize and understand that the public sector is "process-oriented" and thus decisions take time, and conversely, the business community is "bottom-line" oriented and delays cost money.

Local public agencies need the authority to finalize business transactions with the private sector without unnecessary delays. For example, if the project comes forward through the MPO process, the MPO

should have the ability to carryout the project through prior clearance from the affected state and local governments and public transit agencies, thus eliminating the need for subsequent approvals.

At our conference, a representative from the Capital Region Council of Governments, the MPO in Hartford, mentioned that it took more than 52 months from the time a highway project was initiated locally until actual groundbreaking. The private sector representative on the panel responded by saying that most business executives have a maximum time frame of 52 weeks never mind 52 months!

Delays can be especially damaging for developers who must deal with an assortment of state and local public agencies in order to take advantage of proposed rail state site development. Conference participants from transit authorities in Portland, Oregon, New York City and Washington, DC stated that their success in working with developers was due to the fact that joint development was treated as a priority and was given policy-level attention. They also hired experienced joint development professionals who had the authority to make quick decisions and get things done.

In Dade County, Florida, there is total integration of the public transit authority and the MPO, where the county commissioners wear both hats as board members. The innovative joint development for the Miami rail project is estimated at realizing a \$5-6 million direct revenue back to the public transit authority. But, in order to be successfully working with developers, Dade County recommends that public agencies establish (1) clear policy objectives as well as a package of incentives for the private sector especially if joint development is in an economically depressed area; (2) early zoning requirements; (3) effective inter-governmental coordination; and (4) a process which can quickly respond to private developer needs. Additionally, it was recommended that UMTA establish a flexible, proactive policy to encourage all forms of joint development including air rights leasing, and returning revenues back to transit authority for operating or capital expenses.

4. The Public Sector Needs to Better Understand How the Private Sector Works and Must Develop Negotiating Skills to Serve the Vital Interests of Both Parties.

Learning how to negotiate, compromise and ultimately finalize a business transaction are vital skills that local public officials need in order to gain the active involvement and support of the business community. One way to become a competent negotiator is through training sessions on the particular characteristics and interests of both private and public sector parties. These training seminars would address successful techniques and approaches that have resulted in collaborative efforts such as joint development projects or lobbying

to increase sales tax as a dedicated source of funding for local highway and transit improvements. NARC plans to work with its MPO members on sharpening negotiating skills.

5. The Public Sector Must Wear Its " Business Suit" In Dealing with Members of Private Industry.

How do you get members of your business community to become advocates and true partners? As a business representative mentioned at our Washington conference, there appears to be four distinct processes: (1) advocacy--where the business community bands together with local political leaders to promote a new taxing revenue, transit project or highway improvement; (2) planning together to implement a specific program or project; (3) sharing the cost of financing the program or project; and (4) involving the private sector in managing transportation programs such as employers who implement employee ridesharing or vanpooling programs.

The following is a list of recommendations on ways that the public sector can gain greater private sector involvement and support:

- Eliminate the use of government jargon when talking to community business leaders. For example, rather than approach a business executive about supporting a proposed HOV lane, talk to him or her about how you can help solve the problems of traffic congestion and limited downtown parking which affect his or her business.
- Don't make every project a priority and instead choose one that you think may attract his interest. Don't try to solve the entire urban mobility problem.
- Try to build a consensus on the specific project based on accurate and timely facts so that the business leader is not eventually involved in a confrontation. Utilize survey information if available, slide show and/or a short, concise document.
- Utilize business executives who are already sold on your public agency to gain the support of their peers. In other words, business leaders tend to listen to other business leaders. The Southeast Michigan Council of Governments in Detroit has successfully utilized this technique which has resulted in seeking the involvement of former U.S. Treasury Secretary Michael Blumenthal who has relocated to the Detroit metropolitan region.
- Use a consensus process with the private sector in public agency meetings. Business leaders do not like to vote "no" on issues; they would rather be sure that everyone is in agreement.

- Be sure to involve private sector representatives throughout the planning and implementation process if possible. Clearly identify what the problems are, what the realistic options might be in terms of politics and financial resources, and what the private sector role is. In addition, public agency officials should demonstrate a commitment to solving the problem and show results. The best way to lose the interest of the business community is to have continual meetings with no clear agenda and no results.

6. Private transit providers should educate public transportation agencies about ways that services can be more cost-effective.

Knowing the region's transportation problems and future transit demands, the private transit operator should inform the MPO and public transit agency how contracting for such services can reduce costs and be more efficient. Local elected officials and public agency staffs need to be aware of any legal and operational impediments, fare structure or regulatory difficulties. Private providers may be able to enlist the MPO as an ally to assist in overcoming some of these obstacles.

Conclusion

The private sector's role must be legitimized by having business leaders serve as a partner with public agencies on a continual rather than piecemeal basis. As a developer at our Los Angeles conference stated, "The private sector does not feel fulfilled in this relationship. It wants to give more, it wants to be more deeply involved, it wants to do more than make financial contributions in support of a cause or a candidate." There is a great deal for the public sector to gain in terms of holding down government spending and utilizing sound business practices that have been instituted by the private sector.

At the same time, NARC is not proposing that the public sector relinquish its role and turn everything over to the private sector as existed before the 1964 UMTA Act. Elected officials of general purpose local governments are directly accountable to the citizens and, therefore, must assume overall responsibility and full policy control over providing adequate public transit service in their communities.

Thus, our challenge is to build the kind of partnership that combines the strengths of both public and private sectors and maximizes their resources and talents to the fullest extent possible.

HE 4461 .S73 1985 v.1 **08055**

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