

2007 APTA Annual Meeting

**APTA PUBLIC-PRIVATE
PARTNERSHIPS TASK FORCE:
POLICIES AND PRINCIPLES**

Jonathan R. Davis

Deputy General Manager & CFO

Massachusetts Bay Transportation Authority

Co-Chair, APTA PPP Task Force



PUBLIC TRANSPORTATION: WHEREVER LIFE TAKES YOU

Public-Private Partnership Task Force

- **Established by APTA Executive Board in October 2006**
- **12 person task force, public and private sector members**

PPP Task Force Members

Jon Davis (co-chair)	Massachusetts Bay Transportation Authority
Mike Schneider (co-chair)	InfraConsult LLC
Mort Downey	Mort Downey Consulting LLC
Gary Gallegos	San Diego Association of Governments
Sharon Greene	Sharon Greene and Associates
Al Harf	Potomac and Rappahannock Transportation
Marion Pulsifer	Marion C. Pulsifer Consulting LLC
Scott Schroeder	San Francisco Bay Area Rapid Transit District (BART)
Don Stevens	Municipal Services Group, Inc.
Ron Tober	Charlotte Area Transit System
Ann Warner	Bechtel Infrastructure Corporation
Linda Watson	LYNX – Orlando

Task Force Charter

Assess opportunities and best practices for utilization of public-private partnerships in the development and operation of public transportation.

Initial Work Product

- White Paper: *Policies and Principles for the Transit Industry*
- Objectives
 - To define the nature and scope of public-private partnerships in public transportation;
 - To examine the utility of financial and operational partnerships between the private sector and public transit authorities;
 - To highlight best opportunities for private investment in development and expansion of public transportation facilities and services; and
 - To highlight best opportunities for private partnering in the delivery of capital projects and in the delivery of transit services

Background: The Private Sector Role in Transit

- Transit largely private through mid-1940's
- Shift to public authorities in the 1960's (Urban Mass Transit Act)
- Private capital investment limited
- Private delivery and contracting expanded

Public Private Partnerships Defined

- **Public-private contractual agreement**
- ***Typical Objective:* Increase funding and financing opportunities and better facilitate project and service delivery**
- ***Private Sector Expectations:* Increased financial/investment opportunities and acceptable rate of return based on risk**
- ***Public Sector Expectations:* Combination of lowered cost, improved service quality, new technology, risk reduction, increased technical/managerial expertise/depth**

Recent PPP Experience

- **North American emphasis on toll roads (Dulles Greenway, SR 125, Chicago Skyway, Indiana Toll Road, 407 ETR, etc.)**
- **PPPs: Typically through concession agreements**
- **Recent Congressional concerns (Oberstar/DeFazio)**
- **Transit experience**
 - **Design-build-operate-maintain agreements (Hudson-Bergen/NJ Transit; Puerto Rico)**
 - **Contracted Services (Ubiquitous)**
 - **Transit-oriented development (Visible increase)**
 - **Private ownership/public leasing (Diminishing)**
 - **FTA "Penta-P" program (Houston, Denver, BART Oakland Airport Connector; Jury is out)**

Policy Premises

- Public transportation should be viewed as a key component of the “*modal mix*” in primary corridors
- Transit should be included in enabling legislation for PPPs
- PPP focus should not diminish the crucial governmental role in providing financial resources for transit development and operation
- PPP cannot substitute for public policy, oversight and resources

Guiding Principals for PPPs in Transit Industry

- 1) PPPs are a tool in the transit toolbox, not an ultimate solution**
- 2) PPPs must be structured to sustain the public interest**
- 3) PPPs should achieve public goals and support regional planning**
- 4) PPPs are most effective where long-range revenue streams exist**

Guiding Principals (Cont'd)

- 5) PPPs should be based on appropriate and beneficial sharing of risk between the sectors
- 6) PPPs should be used to increase procurement flexibility and effectiveness of project delivery
- 7) PPPs focused on tolling and highway pricing should be structured to promote increased transit use

Modest Recommendations...

- Support federal tax incentives to enhance attractiveness of transit investment ("*Green Tea*")
- Increase effectiveness of methods for encouraging real estate investment (TOD, TIF, *value capture* mechanisms)
- Integrate transit into tolling projects ("*high performance corridors*")
- Establish program within FTA similar to SEP-15

Potential Next Steps

APTA PPP Task Force

- **Conduct international survey...**
- **Monitor state/federal initiatives and legislation**
- **Develop a “*primer*” for the industry**
- **Solicit papers for APTA conferences**
- **Sponsor special seminars**
- **Create APTA “*resource center*”**