

Public-Private Partnerships in Transit



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Outline of Presentation

- Federal Transit Administration (FTA) Role
- Public Private Partnership (PPP) Objectives
- Types and Distribution of PPP Projects
- State Legal Authority
- Bonding Authority
- Success Factors & Risks
- FTA Pilot Projects
- HOT Lanes

FTA Role and Responsibilities

The Federal government, through the FTA, provides financial and technical assistance to develop new and expand existing transit systems and improve, maintain, and operate these systems.





Objectives of PPP

- Lower costs
- Accelerate project delivery
- Improve transportation services
- Leverage public resources
- Transfer risks
- Attract private investment
- Use private sector expertise

Public-Private Partnerships

- Private Contract Fee Services
- Transit Oriented Joint Development
- Alternative Project Delivery Approaches

WAMTA Largo Extension



South Florida Commuter Rail Upgrade

DBOM PPP Project Hudson-Bergen Light Rail Transit Line



Types of PPPs Used in Surface Transportation

Increasing Private Sector Role



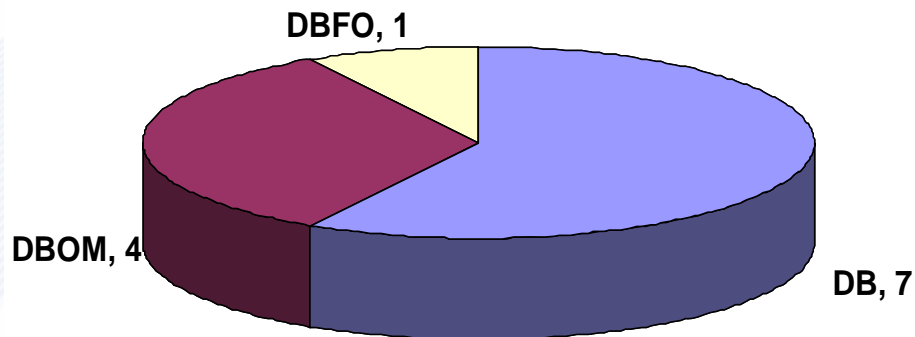
- **Asset Sale**
- **Long Term Lease Agreement / Concession**
- **Transit Oriented Development (TOD) / Joint Development**
- **Multi - Modal Partnerships**
- **Build - Own- Operate (BOO)**
- **Build - Transfer-Operate (BTO)**
- **Build - Operate- Transfer (BOT)**
- **Design - Build- Finance- Operate (DBFO)**
- **Design - Build- Operate - Maintain (DBOM)**
- **Design - Build (DB)**
- **Private Contract Fee Services**

**Project
Delivery
Approaches**

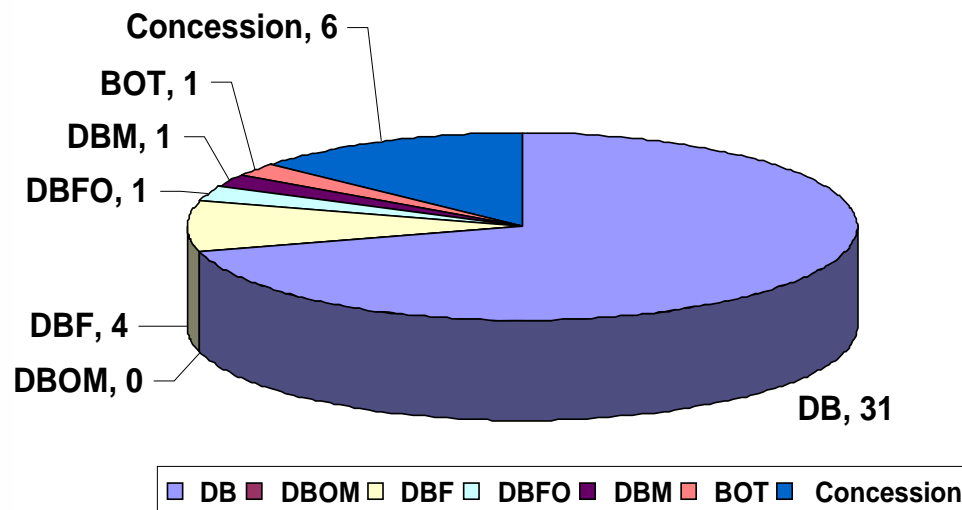


Use of PPPs for Major Highway and Transit Projects Since 1991*

Major Transit
Projects
(12 projects)



Major Highway/Rail
Projects
(44 projects)



* Projects over \$53 million with Notice to Proceed by 1991

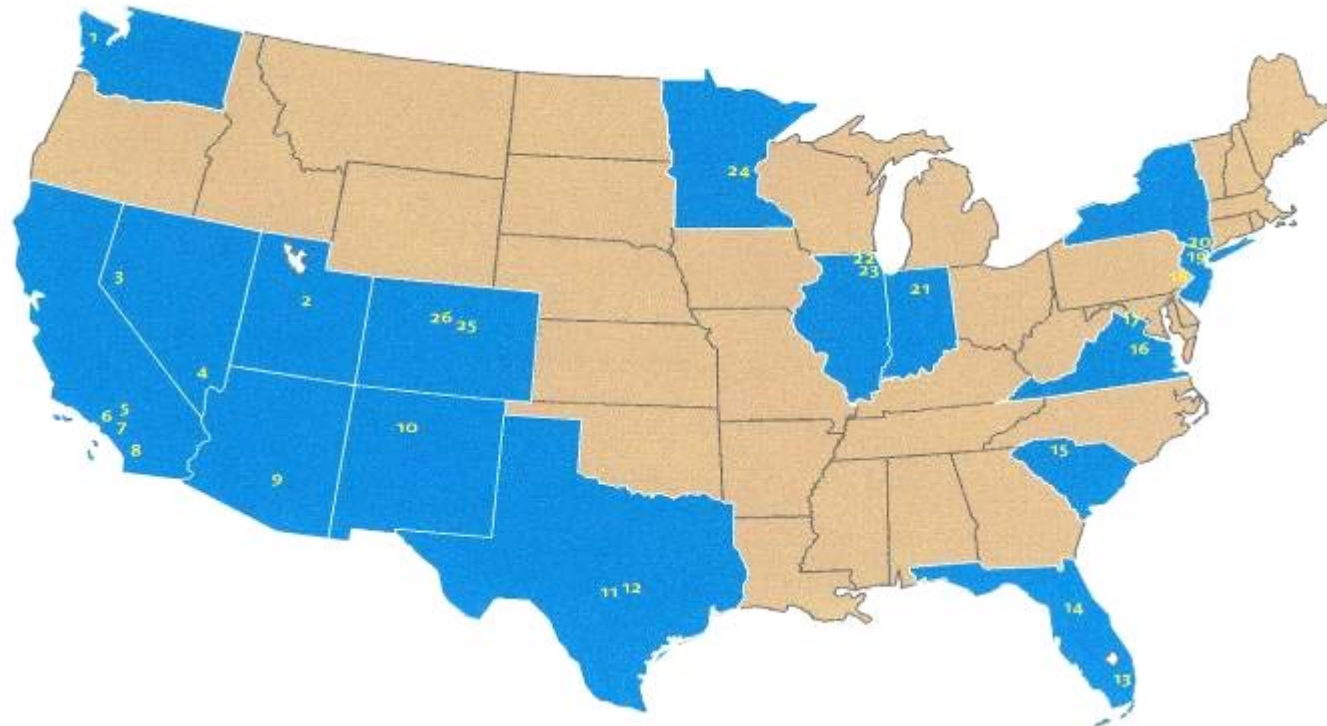


These are not exclusive concepts

- A DBFO could issue private activity bonds
- A DBFO could do concession
- A DBOM could include highway, transit, airport



Recent PPP Highway and Transit Projects



- | | | | |
|-------------------------------|----------------------------|-----------------------------------|------------------------------|
| 1 Tacoma Narrows Bridge | 24 SR 125 Toll Road | 18 Pocahontas Parkway | 23 Chicago Skyway Asset Sale |
| 2 I-15 Reconstruction | 25 AZ-17 | 19 Dulles Greenway | 22 CREATE |
| 3 Reno Rail Corridor | 26 NM-44 (US 550) | 20 Camden-Trenton Light Rail Line | 24 Hiawatha Light Rail Line |
| 4 Las Vegas Monorail | 11 Trans Texas Corridor | 19 Hudson-Bergen Light Rail Line | 25 Denver E-470 |
| 5 Alameda Corridor | 12 Central Texas Turnpike | 20 Jamaica JFK Airtrain | 26 Northwest Parkway |
| 6 Foothill Eastern Toll Road | 13 Miami Intermodal Center | 21 Indiana Toll Road Asset Sale | |
| 7 San Joaquin Hills Toll Road | 14 Osceola Parkway | | |
| | 15 Southern Connector | | |

FIGURE 22.
Recent Public/Private Partnerships
■ States Using PPPs to Help Address Transportation

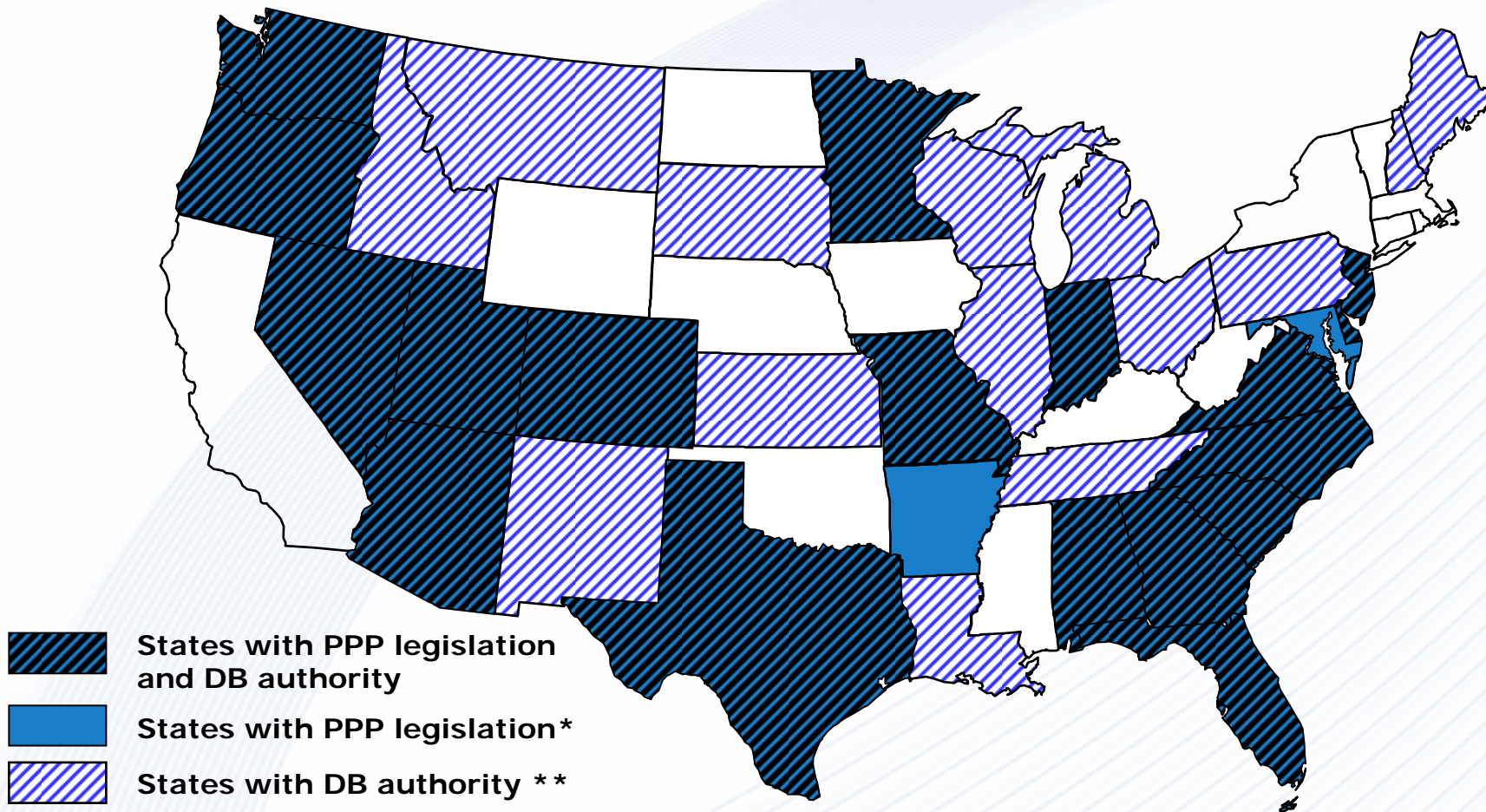
Source: Cambridge Systematics, July 2006.

PPP Transit Projects Supported with Federal Funds Completed Since 2000

City	State	Agency	Project	Type of PPP	Cost (Millions)	Length (miles)	Opening Date
Denver	CO	RTD	Southeast Corridor LRT (T-REX)	DB	\$879.27	19.1	2006
Fort Lauderdale	FL	SFRTA	South Florida Commuter Rail Upgrades	DB	\$333.89	43.3	2006
Minneapolis	MN	Metro Transit	Hiawatha Corridor LRT	DB	\$675.43	11.6	2004
Northern	NJ	NJ Transit	Hudson-Bergen LRT MOS-1	DBOM	\$992.14	9.3	2002
Northern	NJ	NJ Transit	Hudson-Bergen LRT MOS-2	DBOM	\$1,215.40	6.1	2006
San Francisco	CA	BART	BART Extension to SFO Airport	DB	\$1,552.23	8.7	2003
Washington	DC	MTA/WMATA	Largo Metrorail Extension	DB	\$433.90	3.1	2004
Portland	OR	Tri-Met	Portland MAX LRT Airport Ext. (PFC)	DB/JD	\$125.00	5.5	2001
New York	NY	PANYNJ	JFK Airtrain LRT (PFC-funded)	DBOM	\$1,900.00	8.1	2003

7 of these projects represent \$6.1B in value (28%) of the total 40 New Starts projects valued at \$22.1B with Full Funding Grant Agreements approved by FTA. Two additional projects are PFC –funded worth \$2.0B. Other PPP transit projects include 1 DB, 1 DBOM, and 1 DBFO valued at \$1.8B. Total value: \$9.9B

Growing State Legislative Readiness for PPPs



* Also includes Alaska and Puerto Rico. Data valid through May 2006

** Also includes Alaska, Hawaii, and Puerto Rico; California – Transit agencies and certain cities and counties; Illinois – Regional Transportation Authorities; Texas – Comprehensive Development Agreements. Data valid through 2004.

Source: FHWA and Nossaman Guthner Knox & Elliott.

Private Activity Bonds

- Issued by the private sector
 - Proceeds used for public purpose
- Section 11143 of SAFETEA-LU
 - Highway and Rail intermodal facilities
 - Commuter rail and ferry projects
 - \$15 billion authorized through 2009
- Section 103 of the Internal Revenue Code
 - Bonds for Mass Transportation
 - 95% of proceeds must be used for public purpose
 - Not more than 5% of bonds may be repaid from private activity or revenue
 - Subject to state bond cap (\$75 per resident in 2007)

PPP Pilot Program (Penta-P)

- US Congress Authorized Pilot Program to Demonstrate Advantages & Disadvantages of PPP
- Federal Transit Administration Requested Proposals in January 2007
- Three PPP Projects were Selected:
 - Oakland, California Airport Connector
 - Denver, Colorado Gold Line Rail Corridor Project
 - Houston, Texas North & Southeast Corridor High Capacity Transit Extension Projects



HOT Lanes

- **H**igh **O**ccupancy **T**oll
- Over 130 Freeway HOV facilities nationwide
- 80 are counted as “fixed guideway miles” for FTA formula funding purposes
- 10 built with Major Capital Investment funds
- FTA Policy allows conversion of transit HOV to HOT lanes (January 11, 2007)



PPP Success Factors

- Visionary Leadership
- Popular Support of Project
- Well Defined Project Scope
- Revenue Potential for Private Sector Partners
- Transparency of Procurement Process
- Use of Performance-Based Standards
- Systematic Project Quality Monitoring
- Cost & Benefit Sharing Between Public and Private Sector



PPP Risk Factors

- Ridership Projections
- Revenue/Pricing
- Right of Way Cost
- Liability/latent defects
- Life Cycle Costs
- Transaction Costs
- Economic Shifts
- Loss of Control of Assets
- Regulations
- Compensation/Termination
- Protectionism
- Environmental Conditions/Permitting
- Construction Costs
- Maintenance Costs
- Payment Structure
- Foreign Currency Exchange
- Taxation Constraints
- Conflicts of Interest
- Political Stability
- Public Acceptance
- Changes in Law



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