APTA PUBLIC-PRIVATE PARTNERSHIPS TASK FORCE: POLICIES AND PRINCIPLES

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Public-Private Partnership Task Force

• Established by APTA Executive Committee in October 2006
• Twelve person task force, public and private sector members
PPP Task Force Members

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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-1940s
- Shift to public authorities in the 1960s (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
- PPPs cannot substitute for public policy, oversight and resources
Guiding Principles 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 Principles (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”
QUESTIONS?