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PRIVATE-SECTOR ROLE IN PUBLIC TRANSPORTATION : AN OVERVIEW

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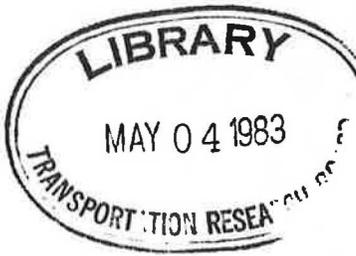
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Gordon J. Fielding, University of California
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William Campbell Graeb, TRB Staff Representative

FOREWORD

It is becoming increasingly clear that the public sector by itself is not able to assume the enormous financial burden necessary to the development of new capital-intensive transit systems, the extension and major improvement of existing systems, or the ever-increasing costs of operation. Although current government strategy aims to pass the responsibility of transit to other providers, budgetary restraints are resulting in a greater demand for cost-effective and flexible approach to meet transit needs.

Over the last few years there has been increased interest in involving the private sector in public transportation. Many innovative ways are being tried to involve private enterprise in transit activities. Public and private groups are forming unique partnerships from which both benefit. Yet there are still as many barriers to overcome.

With these thoughts in mind, the public transportation committees of the Transportation Research Board's (TRB) Section E convened a meeting at the University of Virginia, Charlottesville, August 8-11, 1982. Sponsored by TRB in cooperation with the Urban Mass Transportation Administration, the conference was the tenth in a series of midyear meetings. Although attendance was at first limited to TRB committee members, many others hearing of it asked

to come--underscoring the growing importance and timeliness of this subject.

The objectives of the conference, chaired by John J. Fruin, were to exchange technical information; to identify changes in program direction, emphasis, or procedures that would enhance public transportation; and to conduct committee business. In essence, the conference explored how to generate private-sector financing; how to involve interested parties early in the planning process to assure that all are treated as equitable partners; and how to handle administrative requirements that may be well-meaning but that impose undue hardships, especially on small firms. Other topics included management and operating roles, the use of paratransit in improving public transit productivity, and the role of the private bus industry.

During the conference, five sessions took place at which background papers and other presentations were given. These in turn were followed by general discussion. Summaries of these sessions, prepared by session rapporteurs, are contained in this Circular. In addition, attendees were given a set of the abstracts of the prepared papers as well as available preprints. Closing comments by Lester A. Hoel and Vincenzo Milione follow the session summaries.

Session 1

PRIVATE AND PUBLIC-SECTOR ROLES: PAST,
PRESENT AND FUTURE
(Robert Enggist, Rapporteur)

Three vital roles in which the private sector has made and will continue to make significant contributions to public transportation service delivery were briefly examined by C. Kenneth Orski, Corporation for Urban Mobility, who chaired the conference's first session. Orski focused on financing of transportation facilities, sponsoring of transit and paratransit services and directly providing transportation services.

William D. Middleton, University of Virginia, explored the historical perspective of private-sector involvement in public transportation from the days of free entrepreneurship when some 400 companies were providing rail services by horse/mule power toward the end of the 19th century to the financial decline of the private operations that brought about public ownership of most of these institutions by 1964. Dissatisfaction with the quality of service has become the rule rather than the exception since that time. Middleton noted that a continued and increased emphasis on the qualitative aspects of transportation services will be the key to restoring the still battered image of the transit "industry" in the future.

Gabriel Roth, World Bank, discussed free enterprise public transportation. He cited a successful example of role shift from public to private-sector provision of urban transportation services in Kuala Lumpur, Malaysia, with the introduction of a minibus system. Roth stressed that from his experience with this particular project, cost savings simply do not make powerful arguments for implementing effective transportation services. This fact corroborated Middleton's point on achieving quality of service as a goal.

Roth outlined several characteristics of a successful transportation system:

1. Private ownership,
2. Small rather than large vehicles (cost per seat increases directly as a function of vehicle size),
3. Operating units of fleets are kept small,
4. Route association is to serve as an organizing framework.

Frank Spielberg, SG Associates, dealt with employer-paid transit passes--a concept initiated through the Urban Mass Transportation Administration's Service and Methods Demonstration (SMD) program. Spielberg described a variety of available fare prepayment/distribution/discount options. He emphasized that private-sector involvement in these promotional efforts of public transportation is really in the best economic interest of participating business. The costs of providing adequate parking facilities is often overlooked or grossly underestimated. In addition, there are obvious cash benefits to the employees in terms of reduced or stable transit fares, and the transit operators stand to gain from improved public relations and increased ridership.

Christine M. Johnson, American Public Works Association, analyzed the reasons for the existing barriers to public/private-sector cooperation. In this context, the term "private sector" is to be understood as the private operators, i.e., taxi and limousine services. Johnson pointed out that in the

past the public/private-sector planning process simply has not worked very well. There are vast communication barriers, in addition to the fact that the private operators are brought into the "planning" process too late. By the time public hearings take place, she asserted, it is usually too late to have an impact on the decisions.

The defensive posture of a transportation provider with a long history in effective services delivery must stress striving toward genuine cooperation and overcoming some of the negative perceptual biases that currently hamper the joint planning process. Johnson sees a vital role to be played by agencies that are promoting new ideas in private/public-sector co-ventures, as long as they are sensitive to the needs of the private operators.

Peter D. Everett, Pennsylvania State University, addressed the possible future private-sector roles. Where are private/public-sector partnerships in public transportation headed? Everett presented five approaches or models that have evolved over time:

1. Philanthropic model, where business is called on to make financial contributions with no strings attached;
2. Dutiability approach, where public transportation is being supported by tax subsidies;
3. Mutuality model, where there is mutual dependence among the partners (e.g., merchant, or discount, programs in Spokane, Washington, and Bridgeport, Connecticut);
4. Symbiotic relationship, where if the partners split up, they will be able to continue to exist (e.g., employer-sponsored fare prepayment program in Sacramento, California, and Jacksonville, Florida);
5. Independent venture, where no relationship between the private and public sectors is involved at all (e.g., corporate commuter programs--car/vanpooling, ridesharing, etc.).

Everett pointed out that the models 3-5 will be the dominant ones in the future. Growth will occur in a multiplicity of public/private-sector "relationships" or partnerships, a departure from giant monolithic public service structures. He went on to introduce an innovative concept, the urban travel agent, who could play a major role as an information clearinghouse and transit broker.

In the discussion period following the presentation, it was observed that a crucial practical as well as research question relates to how the entrepreneurial effort in public transportation can be successfully sustained and further promoted on a larger scale, e.g., beyond the scope of the "demonstration" examples. A number of suggestions and innovative ideas were offered. Perhaps, most importantly and given the frequent distrust, communication gap, and divergent public/private-sector goals and objectives, there is a need for "bridge" builders who can put the private and public sectors in closer touch with each other. Specific expertise in these following areas will be most instrumental in this process: equipment leasing, contracting and brokerage of transportation services, planning and implementation of private/public-sector partnerships or co-ventures (i.e., merchant discount, employer-sponsored transit fare prepayment (TFP), TFP/staggered work-hour programs, joint development, etc.).

The basic approach in facilitating the joint planning process, it was pointed out, is market segmentation. By carefully targeting the different publics generating peak and off-peak trips, the business markets (i.e., employers/employees, merchants/shoppers) can be more effectively serviced. In addition, clear incentives and disincentives or penalties are needed to encourage load leveling and more efficient, as well as environmentally responsible, uses of the existing transportation service infrastructure. Who will be playing the mediating role of a catalyst and change agent? In an environment of multiple situational models of cooperative arrangements, the change agents are likely to appear in various forms as well. The urban travel agent, an information clearinghouse and travel service broker for the business community, is one possibility. Nonprofit organizations and employer organizations, chief executive officers (CEO), consortia, high-level planning councils, workshops, and seminars designed to promote the institutionalization of private-sector involvement in public transportation are other promising mechanisms to bring about these innovative changes in public transportation.

Session 2

FINANCIAL AND DEVELOPMENT ROLES (Robert A. Olmsted, Rapporteur)

Public funds to support public transportation are becoming scarce. At the federal level, mass transit operating support is being phased out. Moreover, federal support for mass transit capital programs is also being limited. Tight budgets and fiscal crises at the state and local levels virtually rule out replacing lost federal funding from local public sources.

Many localities have curtailed existing transit operations, and others are scaling down plans. Cities planning new and expanded systems are postponing or shelving plans, while those with older, established systems are discovering that the dollar needs for capital replacements to keep those systems in good repair are enormous. New York, for example, has embarked on a five-year capital program of more than \$7 billion largely to keep its system from falling apart.

An emerging (or perhaps re-emerging) consequence of the decreased availability of public financing for public transportation is an increase in private-sector involvement. The private sector is helping out both directly and indirectly through taking advantage of tax laws, zoning, etc. It is becoming more important to exploit all opportunities, however remote or indirect, to direct private capital into transit improvements.

Leverage leasing, formerly only available to private transportation providers, is being used extensively to acquire new transit cars and buses until the "safe harbor" leasing provisions of the law expire in 1983. Under this method of financing, transit agencies may sell and then lease back equipment allowing the private purchaser to enjoy certain tax benefits. Similarly, in several recent transit equipment purchases, vendors arrange some of the financing at favorable rates. Furthermore, certain transit properties are entering the bond market and marketing bonds secured by revenue or public sources.

The existence of good transit is often an asset to real estate developers. To this end, developers are being encouraged to contribute toward the

expansion or improvement of transit facilities. Sometimes joint or coordinated development opportunities arise that allow for sharing of certain costs, thus lowering the net costs of the transit improvement. Other times, developers, or local community private enterprise, may voluntarily contribute to improvements such as local station improvements, as in "Adopt-A-Station" program, in order to better the total environment of the community in which the private enterprise conducts its business. Finally, in some cities, developers may have to contribute money for public improvements in exchange for zoning variances. Frequently, these improvements are transit improvements, e.g., improving access to, or rebuilding, congested subway stations. And in some cases, the zoning code may actually mandate the private developer to finance specified transit improvements in exchange for building approval, or, alternatively, selecting an improvement to be implemented from a menu of eligible improvements.

To maximize private-sector involvement, transit management must keep alert to all imaginable opportunities, even remote ones. While the larger transit properties may have knowledgeable professional staff to respond to opportunities as they arise, most smaller properties may not. This weakness can be overcome if state government steps in to provide expertise and guidance to help out small transit systems in the state.

Private-sector involvement in transit development is, of course, nothing new. Nineteenth-century streetcar and elevated railroad systems were all built by private capital expecting (and frequently achieving) a profit. Joint development was not uncommon. Nor is public-private financing new. The early New York subways were built with public money, equipped with private capital, and privately operated in anticipation of what turned out to be an elusive profit. Even "value capture" was tried in New York 50 years ago, when an effort was made to recover some of the enormous increase in land values resulting from subway construction to help pay for that construction through special tax assessments on abutting property owners.

Session 3

MANAGEMENT AND OPERATING ROLES (James Bautz, Rapporteur)

This session focused on theoretical suggestions for improving performances, a summary of ongoing research, management techniques currently used by operators, and a report on actual operations.

Subhash Mundle, Booz-Allen and Hamilton, Inc., reported on an UMTA project to investigate performance-based contracts. The idea is to exploit the profit motive to improve performance. While done in other industries, it is rare in transportation. Although about 18 percent of transit properties are privately managed, the management contracts are mostly of the fixed-fee type.

Mundle noted six types of incentive contracts and indicated that the most important were incremental, which gives more bonus as performance improves, and the proportional, which provides a linear payment for improved performance. Because there is more than one type of incentive and type of contract, a matrix is established to analyze the choices. This matrix indicates the issue of concern --contract. Once the performance indicator and type of payment are selected, the type of contract is easy to choose.

James Echols, Tidewater Transportation District Commission, discussed the policy approaches that are necessary to set the stage for dealing with private operators. First, the public body must define the objectives it wants to achieve such as maximizing ridership or minimizing deficits. Next, the objectives must be expanded to the policy board members and their support must be obtained. In addition, management personnel in the public organization must support the concept of dealing with private operators because they are the ones that must carry out the program.

Once internal support is achieved, the public body must develop credibility with private operators. After years of indifference, if not hostility, it may take some time to convince private operators that you really do want to work with them and help them. Services must be designed to utilize the strengths of private operators and these services must be matched to the objectives.

In order to deal effectively, public officials must learn the language of the private sector, and they must learn to manage change.

Fred Gilliam, Memphis Transit Authority, presented a planning process developed by ATE Management and Services, Inc. to help transit operators adjust to the loss of federal operating assistance funds. The process is an example of strategic planning. It allows local officials to determine what they want to achieve and what alternatives are available to them.

Phase 1 of the process consists of a review of the options available in budgeting, management, capital investment, service, revenue, and political strategies. Alternatives are generated and evaluated.

Phase 2 lays out the steps for implementations.

Phase 3 policymakers are presented with options and choices are made. After approval, the plan is implemented and monitored with a flow chart.

This process provides a framework for determining the role private operators can play and the steps necessary to involve them.

Frank Davis, University of Tennessee, presented an innovative method of dealing with the private sector. He discussed reasons such as economy of scale and utilization, load factors, flexibility, and motivation. The challenge is to obtain efficiency without eliminating the things that improve efficiency. Davis noted the three most common ways of dealing with the private sector and the problems they generated: (a) public utility approach removes competition and incentive; (b) public buyout of private companies created today's problems; and (c) competitive bidding is too restrictive. He suggested that transportation should be marketed like other consumer goods. A catalog of transportation services can be created for an urban area. A person desiring service can select the most appropriate service and price. This approach allows free participation of all carriers with a minimum of red tape.

John Ford, Community Transportation, Inc., mentioned several formerly public functions that have been turned over to the private sector with good results. Transportation can be added to this list.

Ford maintained that incentives in contracts are passed on to the employees. Contracting has some advantages: changes in service and the size of work force can be made gradually, price is set, there is a lower risk in change, and bulk purchase means economy.

Session 4

PARATRANSIT ROLE IN IMPROVING PUBLIC TRANSIT PRODUCTIVITY (Richard L. Oram, Rapporteur)

The role of paratransit in improving the productivity of public transit is perhaps the strongest rationale for increasing the involvement of the private sector in the provision of public transportation. In recent years, growing interest and experience in this area has moved this proposal from the conceptual to the application level. It is now commonly accepted that private operators can be favorable providers of specialized (elderly and handicapped) transportation. Private transit operators are also very common in the longer-distance commuting markets, often as subscription buses. Carpools and vanpools promoted by employers can be the most cost-effective transit alternative and, where properly integrated with conventional transit, can yield productivity gains for the public operator as well. Taxi operations, as feeders or substitutes for low-productivity regular services, are also playing an ever-larger role nationwide.

What is perhaps most encouraging in this area is the increasingly apparent change in attitudes by established transit operators regarding the role of paratransit. And while labels of "piracy" or "skimming the cream" are still raised in discussing alternative services, the alternative view of "load-shedding" or "skimming the deficit" is gaining credibility. Above all else, the cooperation of established operators in finding the right role for new services is essential to success. In a positive environment where new services can be approached in a planned and controlled way, all parties can benefit. In a threatened and antagonistic environment, no coordination or effective substitution can result, and fears of excessive competition, lost revenue and jobs, etc., can also result. Hence, the now positive disposition of some operators and the increasing attention to paratransit by the American Public Transit Association are profoundly favorable developments.

Ronald F. Kirby, Urban Institute, summarized paratransit history, stressing the need for higher quality and increased and more diverse types of transit service as primary rationales for the emergence of paratransit as an increasingly proposed and accepted transit alternative. He also emphasized the distinctions between service type and service provider as issues that the paratransit movement has helped clarify. He identified the major motivations and impediments to paratransit's further development, as its second decade of formal development begins.

Perhaps the best proof of the increasingly accepted validity of paratransit services was offered by Molly Kuntz, American Public Transit Association (APTA), who presented a very encouraging summary of APTA positions and activities that seek to foster paratransit as transit elements integrated with conventional services provided by APTA representative properties. She stressed that APTA is now encouraging a middle-ground, open-minded and evolving perspective on paratransit; APTA recognizes that the transit financial problem is not a temporary issue and sees "necessity as the mother of invention." However, while APTA's delineation of paratransit is now limited in scope, its emphasis on carpooling, vanpooling, and special service coordination is expected to broaden as its formal consideration of paratransit services continues.

Michael Dewey, Southeastern Michigan Transportation Authority (SEMTA), outlined the roles and differing types of provision of paratransit service in the Detroit area. SEMTA's experience with public, private, and nonprofit approaches to paratransit operation is perhaps the most extensive in the United States. Dewey's perspective, that there is a "life and death" cyclical pattern in the ways paratransit is operated, suggests the need for more research and improved methods for contracting and managing paratransit to yield more consistent and stable services.

Barbara Berent, Colonial Taxi, summarized its history as a paratransit operator in the Pittsburgh area, and provided a valuable critique of the public/private interface, emphasizing the frustrations and impediments that taxi operators have in contracting, negotiating, and maintaining stable relationships with public agencies. She stressed that many taxi companies, perhaps the most typical operators, have real difficulties understanding the public process and the often complicated requirements of transportation planning and funding programs. Very simple but none-the-less real problems can undermine the otherwise most promising of public/private transit projects.

Jeff Becker, Tidewater Transportation District Commission (TTDC), summarized its experience with paratransit as integral elements of the services provided by TTDC. In developing dial-a-ride, minibus, regular bus, commuter bus, vanpool, and route taxi programs, TTDC's foremost objective is the minimization of deficit per passenger. He summarized the multimodal service identification, evaluation, and budgeting processes. The general thrust of TTDC's service development program was displayed graphically, with the deficit per passenger. Service substitution and overall management issues are faced as an attempt to move each route or service toward carrying the same riders at less subsidy, more riders at the same subsidy, or a combination of such changes.

Anthony Pagano, University of Illinois at Chicago Circle, described an ongoing research project on productivity improvement of elderly and handicapped special transportation services. High service productivity was found to be associated with the specific type of service offered, the type of operator providing the service, and unique characteristics of the markets served. The project seeks to clarify productivity links with quality of service and to develop standard quality measures for such use.

Session 5

ROLE OF PRIVATE BUS INDUSTRY (Theodore Ehrlich, Rapporteur)

The role of the private bus industry was examined by several speakers. Carole Foryst, Urban Mass Transportation Administration, emphasized the importance of this conference to the goal of a better public/private balance in the provision of transportation services, which would result in better service, more competition, and economic benefit.

Frank Mulvey, American Bus Association (ABA), questioned whether the spirit of competition or cooperation governed the provision of bus services. Although the Urban Mass Transportation Act calls for the use of private operators to the "maximum extent feasible," public agencies have seldom sought

private provision of service. Where opportunities for more efficient private operation have become evident, barriers erected by both sides have impeded agreement. These barriers stem from mistrust and differences in goals and procedures. Public agencies distrust private profit motives, and private operators question public sincerity as evidenced by bureaucratic contractual requirements and less than full cost service computations.

Public mass transit offers subsidized service to promote legitimate public goals such as alleviation of congestion, energy conservation, pollution abatement, economic development, and income redistribution. Private bus operators agree with the goals of subsidized transit, but do not agree with the diversion of subsidy money toward services that private carriers can provide.

The four basic problem areas that bus operators have identified as barriers to greater cooperation between the public and private sectors are

- o Non-responsive bureaucratic rules, regulations, and authority;
- o Inequitable cost comparisons between public and private operators;
- o Inadequate service specifications on which to base business and financial decisions;
- o Public agencies using tax dollars to subsidize public operations that directly compete with private operators.

Two problem areas that require solutions concern (a) restrictions to private carrier participation that should be removed by educating private carriers about available opportunities and methods of communication and encouraging private carrier service suggestions, and (b) requirements that public carriers must include the same cost considerations in pricing as do private carriers.

Richard Maguire, Capital Bus Company, discussed his company's experience in providing commuter services in Pennsylvania. Founded in 1936, Capital earns about half of its revenue from scheduled line services. Recently, line service revenue has not covered its cost of operation.

One of Capital's two commuter lines serves Reading, Lebanon, Harrisburg, and intermediate small communities. In 1976, Capital requested subsidy from the Pennsylvania Department of Transportation to continue this service, which had become a high-loss operation. Purchase of Service Agreements was contracted with the two public transit authorities through whose territory the line operates. The agreements call for the combination of UMTA Section 5, state, and local subsidies, plus fare box revenue, to cover 97 percent of ICC operating cost for additional services added. Interest cost for financing new equipment and profit are not covered.

Capital's second commuter line serves Pottsville, Reading, Philadelphia, and intermediate towns. This line is profitable without subsidy. In 1965, Capital purchased this 95-mile route from the Reading Railroad, which intended to discontinue parallel rail passenger service. Spurred by objections to rail discontinuance voiced at public hearings, SEPTA subsidized the rail service (to 40 miles beyond its area). Capital then reduced bus service to two runs a day.

In 1981, SEPTA discontinued rail service, since a new state law required local shares, which local authorities refused to provide. Capital matched and then increased bus service comparable with the previous train service, keeping fares the same as previous train fares.

In contrast, the losing Reading-Harrisburg line has high commuter peaking, heaviest loading in the 8-12 mile range, and runs on slow-speed roads. The Pottsville-Philadelphia line has much off-peak traffic, carries commuters an average of 60 miles, and runs on a high-speed toll road. The Pottsville line has twice the load factor of the Reading line.

Considering the future of commuter services, equipment and labor costs will continue to rise. Pennsylvania will not replace federal operating subsidies. Deregulation will create new competition for charter and tour service. Scheduled line services will therefore have to stand on their own since operator cross subsidies will no longer be financially feasible. Open contracting, allowing private operators to bid on desired services, such as been traditionally done in the pupil transportation field, will lead to greatest efficiency.

Jerome Rudnick, Michigan Department of Transportation, described its program of private industry participation in the development of rural transportation systems. Marquette County, the largest county east of the Mississippi, provides an example of scheduled service. The County contains Marquette University, an Air Force base, and two small cities. Total population is 60,000. City service is provided by local authorities, but other service is supplied by private intercity companies chosen by RFP and placed under contract with local authorities. Terminals have been built with UMTA and state money, and internal space rented to restaurants, travel agencies, etc.

Bus pools for transportation from rural areas to work sites are provided by 13 private companies (of the 86 intercity carriers operating in the state). The state has built carpool park-and-ride lots, shelters at the lots, and installed intercity bus stop signs. Little other direct public assistance is provided; a few bus pools were subsidized at startup, if future breakeven was expected.

A telephone survey indicated that seven companies were formed to provide the bus pool service (Group I), while the remaining six companies (Group II) also provide regular route intercity service. Group I companies, using workers as drivers, have less than half the operating cost per bus mile of Group II carriers, but earn about two-thirds of the Group II average revenue per mile. The Group I carriers are therefore profitable, while Group II service reduces losses of these companies. All companies pick up at collection points. For the 20 routes operated to 10 employment centers, the average one-way trip length is 52 miles, or 1.1. Table 1 gives the service characteristics for each group.

Ray Mundy, University of Tennessee and representing the Airport Ground Transportation Association (AGTA), described a recent report, Overcoming Barriers to Private-Sector Transportation Contracting with Public Agencies, sponsored by AGTA, the American Bus Association, and the International Taxicab Association.

In assembling reasons why public agencies should contract with private transportation companies, the following are significant:

1. Private companies can be more efficient and provide a better product at lower cost, since this is required by the competitive atmosphere in which they normally operate.
2. Private companies can be used to test a particular market. It is hard to stop a publicly provided service once started, even if financial support is not available.
3. Private agencies require only minor levels of assistance.

Table 1. Service characteristics and totals.

Item	Group I	Group II	Group III
Type	Bus pool	Intercity	
No. of companies	7	6	13
Drivers	Workers	Fulltime	
No. of vehicles	15	9	24
Occupancy (%)	51	69	58
Passenger/ vehicle-h	20	29	23
Passenger miles/bus-mile	22	28	25
Passenger miles/gal	132	168	150
Operating ratio (%)	88	138	111
Operating cost/ bus-mile (\$)	0.59	1.28	0.85
Revenue/bus- mile (\$)	0.67	0.93	0.77
Operating cost/ passenger (\$)	1.38	2.35	1.81
Revenue/ passenger (\$)	1.57	1.70	1.63

4. Private carriers can better perform market segmentation.
5. Public contracts in this country can be very flexible, with some effort on the part of the public agency.
6. It is the law (private companies must be used "to the maximum extent feasible").

Problems specific to the taxi survey included the attitudinal barriers of mutual distrust. The private carriers feel that government should not be involved in their business, and the government feels that taxi service must be too costly.

Other problems areas included (a) complexity, length, and dissemination of RFPs; (b) unfair cost comparisons and highly restrictive bid procedures; (c) lengthy selection process and short contract period; and (d) unfamiliar public administrative procedures, including 13c, 504, required reports, and delayed payments.

According to the ABA industry survey, 41 percent of private operators cited unfair public competition with their operations, 23 percent cited unfair and illegal competitive airport operations, 28 percent protested formal DOT or UMTA regulations, and 38 percent had public contracting experience.

A nationwide telephone survey of regional federal transportation offices (and state agencies) showed that 22 states have no private Section 18 agreements, 8 states have only one contract, and 3 states (New York, Pennsylvania, and Massachusetts) have significant programs. Only 18 states use Section 5 funds to contract with private operators. This does not seem to be the "maximum extent feasible" as required by the UMTA Act.

In summary, the problems found were heavily attitudinal on both sides. The private companies were envious of public resources and independence, while the public staff distrusted the private profit motive. The public agencies used a dual standard in considering new services. Mutual trust could lead to revisions of procedures on both sides, resulting in the mutually desired goal of improved levels of transportation service with minimum strain on scarce resources.



Closing Comments

WHERE DO WE GO FROM HERE?

Lester A. Hoel and Vincenzo Milione

The primary theme that developed in this conference focused on the period of change in which all sectors find themselves and how that change will profoundly affect the nature of urban transportation for years to come. What was viewed as a monolithic industry furnishing transit service on a fixed-route, fixed-scheduled basis is now represented by a variety of providers, organizational arrangements, and markets.

Furthermore, with changes in financial resources from the federal to local level and rising deficits requiring increasingly greater subsidies, new priorities are emerging that concern the use of public funds. Federal support for public transit was generated by a crisis in urban transportation. This crisis has taken a number of forms over the years and has included the potential loss of service on commuter routes; highway congestion; mobility for the elderly, handicapped, and economic disadvantaged; environmental protection; energy; and economic development. To these objectives can now be added consideration of costs and benefits.

This conference is perhaps the first time that transit providers from both fixed and paratransit groups have focused on a common issue -- i.e., involving the private sector in public transit. It is a recognition that public transportation means publicly available transportation, and the private sector can make a significant contribution, and also a profit, through the use of techniques and cost saving approaches that have been successfully used in other applications. These approaches include

1. Bridging the communication and technical gaps among providers;
2. Joint participation in the transportation planning process;
3. Joint solicitation of business community participation; and
4. Developing new institutional structures within the industry such as the urban travel agent, contract management, tax transfer benefits, and strategic planning.

Private-sector involvement strategies for public transportation involve a broad spectrum of private-sector activities including multimodal operations, financial support, equipment development, and managerial interaction with the business economy extending beyond farebox recovery. There is a need to review federal, state, and local legislation to identify areas of private-sector involvement through tax credits and transfer, benefit distribution, and reduction of regulatory barriers. A low-priority perception of the public transportation industry exists among some business communities. It is important that public transportation's creditability is enhanced as part of the transportation sector in order to develop a peer relationship with the business community.

This conference, originally planned as a means to focus the exchange of ideas among the membership of the 9 committees that constitute the Transportation Research Board's Section E -- Public Transportation, assumed the character of a specialty conference, and many of the attendees came because they heard about the meeting from other sources and decided to come. The topic of private-sector role in public transportation is of such importance that had it been widely announced, attendance would have been considerably greater. We think this is why there may be imbalances in representation between private and public providers and other interests.

This conference produced a wealth of new ideas and concepts. Many innovative techniques were proposed and success stories described. We also heard about barriers and potential stumbling blocks to private-sector involvement and were cautioned to recognize the problems and pitfalls. A great deal of information was presented, and this Circular is one method of further dissemination of that information.

Transportation Research Record 819

page 47, Table 1

Replace with the following table.

Table 1. Summary of interactions between signal-timing parameters and MOEs.

Timing Method	Parameter	Total Delay	Stops	Fuel Consumption	Emissions		
					HC	CO	NO _x
Manual	Cycle length	⊕	⊕	⊕	⊕	⊕	⊕
	Speed of progression	+	⊕	+	+	+	+
	Priority policy	+	+	+	+	+	+
	Split method	+					
TRANSYT	Cycle length	⊕	⊕	⊕	⊕	⊕	⊕
	K-factor	+	⊕				
	Priority policy				+		

Note: + = main effect detected from TRANSYT output, and ⊕ = main effect detected from NETSIM output.

Transportation Research Record 869

page 54, authors' names

The second author's name should read "Edmond Chin-Ping Chang"

Transportation Research Record 847

page 50, Figure 3

Add the following numbers under each block in the last line of the flowchart:

R1, R2, R3, R4, D1, D2, D3, A1, A2

page 50, Figure 4

Make the following changes in the last line of the flowchart.

Change "R4" to "D1" and "Recognition" to "Decision"

Change "R5" to "D2" and "Recognition" to "Decision"

Change "R6" to "D3" and "Recognition" to "Decision"

Change "R7" to "R4"

Change "R8" to "D4" and "Recognition" to "Decision"

Change "R9" to "A1" and "Recognition" to "Action"

Change "R10" to "A2" and "Recognition" to "Action"

Transportation Research Record 840

page 25, column 1, line 5

Change "money" to "model"

Transportation Research Record 831

page ii, column 1

Change ISBN number to "ISBN 0-309-03308-X"

Transportation Research Circular 255

page 6, column 1, third paragraph

Change "Marquette University" to "Northern Michigan University"

NCHRP Synthesis of Highway Practice 87

page ii

Change ISBN number to 0-309-03305-5

NCHRP Synthesis of Highway Practice 84

page ii

Change ISBN number to 0-309-03273-3

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