

## FOREWORD

Many communities have already formed effective transportation partnerships. Other cities still are searching to define the appropriate private sector role and effective mechanisms for public-private collaboration. To assess the extent of ongoing activity and to help chart a future course for these cities, the Urban Mass Transportation Administration asked the Transportation Research Board to convene a national Conference on Transportation Partnerships.

The conference, held in Dallas, Texas, March 15-16, 1984, provided the participants with an opportunity to exchange ideas and share experiences, to report on, and learn about the status of cooperative efforts around the country, and to discuss a broad array of transportation actions in which the private sector can play a potentially useful role. The conference was structured with a combination of plenary sessions which included presentations by key government and private sector officials, general discussions of current activities in various U.S. cities, roundtable discussions, and workshops on various aspects of public-private cooperation. The intent of the sessions was to allow for a maximum of open discussion as well as to attempt to come up with definitive recommendations to assist policy makers in developing appropriate strategies for greater public-private sector cooperation in urban transportation. The structure of the conference as finally developed by the steering committee, however, prohibited the latter to be accomplished in any formal sense. Partly, this can also be attributed to large attendance (over 200 participants) and the rather diverse mix of participants which included federal, state, local governments, public transit agencies, private transportation providers, elected officials, business, financial, and the real estate community.

At best what follows in the papers, presentations, and workshop reports can be viewed as another building block in the growing tendency to view the provision of public transportation as a shared responsibility of the public and private sectors. Behind this trend lies a realization that government alone can no longer shoulder the full financial burden of all public needs and that we must enlist the initiative and resources of the private sector to attack urban transportation problems successfully. This belief is shared by both sides. The private sector has come to understand that it must, in its own self interest, assume a more active role in dealing with local transportation problems least traffic congestion, decaying infrastructure, inadequate access to jobs, and overtaxed transit services overwhelm the ability of business to function effectively. The business community also realizes that a transportation system that functions well can be a positive force for economic growth: it can help employers gain access to an expanded labor pool, stimulate downtown retail activity, and enhance real estate development.

Local government has an equally strong motivation to seek expanded private sector involvement. By giving the business community a greater voice in transportation decision making, public officials increase the likelihood of private sector support and thus gain an influential ally in their efforts to mobilize public opinion behind transportation improvements. In short, transportation offers the public and private sectors a logical rallying point for mutually beneficial collaboration.

It is, therefore, the purpose of this circular to highlight the presentations and workshops that resulted from the Transportation Partnership

Conference. This circular in no way even attempts to answer all the problems and issues that surround the question of greater private sector involvement in urban transportation. Cooperating in development of the conference were the International Downtown Executive Association, the Urban Land Institute, and the Rice Center.

## REMARKS

Ralph Stanley, Urban Mass Transportation Administration

I am very pleased to have the opportunity to speak with you today at this very important and timely conference. The Transportation Research Board, and Ken Orski, in particular, must be commended for bringing this impressive group of leaders together to discuss so significant a topic as public-private partnerships in transportation. While I serve as UMTA Administrator, I would hope to make this event an annual affair.

In the short time I have been Administrator of UMTA, I have had the opportunity to meet and discuss urban mobility needs with many public and private sector leaders, especially in sun belt cities like Dallas. I know that you are aware of this Administration's desire to return decision making to state and local officials. The Federal government, in reassessing its role in the affairs of this country, believes it should not be so closely involved with what a community feels is best for its citizens. Business leaders and elected officials are much better equipped to make those decisions effectively and with a sensitivity born of community involvement.

This Administration's belief in urban transportation is based upon the ability of the government to work with the private sector. Increasingly, we see private sector participation in areas of planning and financing transit services that benefit their communities. One reason is that we are at a time in our history when government spending is an issue of great concern. Competition is keen for available federal funds. Cities and states, therefore, must have greater responsibilities for funding local services.

This Administration is keenly aware of the value of private sector financial participation in major transit capital projects. This kind of involvement provides additional revenue, reduces the need for transit subsidies, enhances ridership, and generally improves the quality of service.

The private sector has come to understand that it must, in its own self-interest, assume a more active role in dealing with local transportation problems.

Local government also has a strong motivation to seek expanded private sector involvement. By allowing the business community a greater voice public officials increase the likelihood of private sector support and gain an influential ally in their efforts to mobilize public opinion behind new public works projects.

Commuter ridesharing problems have been organized and, in some cases financed by employers and developers. Employers have subsidized transit passes for their employees. Taxi companies and other private firms have become providers of subsidized services to targeted groups of citizens such as the elderly and handicapped. Indeed, the actual and potential roles of the private sector have grown to the point where I believe seriously the emerging "public/private partnerships" will become the powerful force in meeting future mobility needs.

Soon after it took office, this Administration set several goals for the Federal Urban Mass Transit Program: 1) to return more responsibility to local decision makers; 2) to foster greater reliance on the private sector; 3) to establish a more appropriate balance between federal, state and local funding; and 4) reduce federal intrusion into state and local affairs. We want to capture the private sector's entrepreneurial experience and talent, its financial "know-how", its innovative abilities, and its sensitivity to efficiency.

Many of you may know that UMTA 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.

I want to thank Mr. Ken Orski, President of the Corporation for Urban Mobility; Mr. Sigmund Zilber, President of the International Taxicab Association; Ms. Susan Perry from the American Bus Association; Mr. Paul Nagel of the United Bus Owners of America; Mr. Ray Mundy, Executive Director of the Airport Ground Transportation Association; Mr. Wendell Cox of the Los Angeles County Transportation Commission; Ms. Karen Finkle of the National School Bus Transportation Association; and all the other participants of the panel who contributed to an excellent report which is presently under review by my staff.

I have read the study and am very impressed. I am pleased to say that UMTA already has developed and implemented programs in three of the five areas recommended by the panel.

I have paid particular attention to the recommendation that we implement steps to increase the active involvement of private carriers in the local transportation planning and decision making process.

I cannot over-stress the significance that this Administration places on the private sector's capability not only to help improve urban mobility, but also to help accomplish this goal in a more cost-effective manner.

I want to thank the members of that panel for their fine work. I intend to continue to work closely with the blue ribbon panel while we explore ways to implement all the recommendations of the report.

Those of you who have, for several years, closely followed the preparation of an UMTA policy on private enterprise participation in the Urban Mass Transportation Program will be pleased to know that such a policy will be approved by the Department this week, and I will take it, personally, over to OMB. We can make an announcement next week. This policy will commit UMTA to ensure that private operators be given every opportunity to provide an increasing share of the transportation services which receive federal assistance. It streamlines the entire planning process. It stresses early and meaningful and assured private sector participation. It encourages provision of unsubsidized private transportation services in the free market. Rule making which will follow the publication of this policy will focus on private sector resources and capabilities in both the provision of service and the financing of major capital investments.

The Rice Joint Center for Urban Mobility Research will help us to accomplish these goals. We are most fortunate to have the services of the Rice Center, which is closely involved with private sector concerns and is providing technical assistance throughout the United States to help transit industries utilize innovative financing and new ways to involve the private sector in transit financing. And we are also fortunate to have Gary Brosch, a former UMTA economic advisor and now Director of the Joint Center, to head this project.

Transit operators can benefit from joint development in several ways:

- Development near transit facilities, increase ridership and farebox revenues.
- Air rights over stations and parking facilities can be leased to private developers producing substantial income.
- Agreements can be reached for the private financing of facilities such as transit stations.
- Opportunities are created for the establishment of tax increment or benefit districts.

Private developers and businesses benefit from locating near transit facilities in several ways:

- They get access to customers and the labor force.
- They reduce the need for costly parking facilities.

Benefits therefore flow both ways between the public and private sectors through joint development.

When we talk about participation of private business leaders in financing and planning transportation improvements, we must consider joint development -- projects which actually bring the transit agency and the business community together in a mutually beneficial relationship.

I am also aware that many of you are anxious to have UMTA statements clarifying the reuse of excess property, as well as more specific guidance on air rights leasing. UMTA has prepared those statements which presently are under review in the Office of the Secretary, and by the President's Property Review Board. It is a major priority of mine to issue them in the near future.

I am now in the midst of a process which I started the first day I arrived at UMTA. I am doing two things: 1) setting up a firm process by which cities will compete for this discretionary source, and 2) developing a set of criteria by which we judge those cities -- one against another. Concerning that process, we have asked cities to do exhaustive planning and come up with an alternatives analysis. By that I mean that we ask a city to take a look at its transportation needs and then find the most cost-effective way to meet those needs. Until that process is complete, a city is not ready for federal funding. Since the competition is keen for available funds this year and for projected available funds for next year, we are talking about some very basic simple criteria.

I would like to review them with you today. I am going to be testifying next week in the House Appropriations Subcommittee and next month before the Senate Appropriations Subcommittee. Secretary Dole has already testified before the Senate about her commitment to criteria in sorting out the competing demands that we have.

The first is local financial commitment. I do not think that there is any greater measure of a community's desire and need for a mass transit system than their willingness to pay for a major part of that system. I am asking cities to adopt a dedicated, stable local financial source.

The second criterion is the stability of that local funding source. I think the biggest mistake we can make at the federal level is to start using

that \$1 billion and the \$400 million for new starts in such a way that we give a little bit to each city just to satisfy political desires -- either in Congress or in cities and states across the country. By doing so, we are making down payments on major systems, which we cannot complete.

The third measure, at which we are looking very closely, is cost-effectiveness. How many riders will we get for the federal dollar that is invested?

Fourth, we are looking very hard at a city's ability to support the operating expenses of their system, once it is built. There is a great fear in this Administration and, I think, in Congress as well, that if we begin funding a series of major new systems, we will be breeding a whole group that can not meet their operating expenses -- maybe not next year, but three years from now, five years from now. So the ability of cities to pay for their operating expenses is the fourth very important criterion.

Our decisions are being made, not on the basis of politics, but on the basis of arithmetic. \$400 million for new rail starts is a limited resource. We project a nationwide demand by cities interested in building new systems to exceed \$12 billion.

Finally, I applaud you, who represent the best new ideas in transit. The Federal government is firm in its commitment to support the growth of this vital industry, but we must rely on you to provide the key elements needed to maintain the progress of this essential service.

I urge you to continue the development of transit-related activities, innovative methods of financing, marketing, and building to enhance the functioning of our transportation systems.

Because I believe those activities are transit's future.

A DEVELOPER LOOKS AT PUBLIC-PRIVATE  
COOPERATION IN TRANSPORTATION AND  
REAL ESTATE DEVELOPMENT  
Raymond D. Nasher, Nasher Company

I am going to take you on an odyssey that relates to the past fifty years or so and then get to the projects that we are involved in today and how we are trying in the private sector to improve our mobility systems.

I think back to the twenties as George Gershwin sat down at the piano and Paul Whiteman took his baton, and it was 1925, and Rhapsody in Blue was played for the first time. That changed American music a great deal because it brought in new tones and new forms and new chords and new messages to the whole question of musicology and the nature of the times. Gershwin made a change in 1925, at that stage of the game, and then that was followed by Picasso and Brancusi and Giacometti and Matisse and all of those other greats, Henry Moore, etc., who were futurists and were telling us something about the future of our times through the arts. It was during that period of time in the twenties and thirties that I lived in Boston and New York. I recall the transit system going from Dorchester, which was a community where the Jewish immigrants lived when they came to Boston from abroad, into the city. I went to Boston Latin School, which is having its 350th anniversary next year and we are very proud of it. It is really an important kind of activity to be with an institution that began just fifteen years after the Pilgrims came across.

In order to get to Boston Latin School then we had one of those vouchers that some of you were talking about today. I had a voucher, and I got on a streetcar, and then I went to an elevated railway, a light rail system, and then from that elevated railway I went to a subway. From the subway I transferred to a bus which took me about one mile from Boston Latin School, and I walked to the school and back. Now, that was in the thirties, and in essence that was a great transportation system. It cost us one penny. It cost the normal passenger a nickle to go through this whole system, but there was great mobility at that time. We could not afford an automobile, and there were not many of them around anyway, so public transportation in Boston was very important.

During the Depression in New York, we had the option when we lived in Kew Gardens, of going into New York City by either taking the trolley down Queen's Boulevard to Macy's for a nickle or going across the 59th Street Bridge and taking the Long Island Railroad, which was a heavy rail system and cost 39 cents. But the mobility of the people was very substantial. There were major transit systems moving and functioning, and when you got off of the trolley, you got onto the subway. New York moved. Boston moved. Those were cities that made great impressions upon me as I was growing up, and it became a part of my thought process as I went into development. Then, of course, in the forties we all went through the period of being involved in the Army, Navy or Marines or whatever it might be, and we say things starting to happen with highway systems, buses, planes, and the other means of transportation which were making their mark on communities. There is a quotation that I am very interested in that I think relates to change. It relates to transportation. It relates to almost anything that we do. The quote is that it should be borne in mind that " . . . There is nothing more difficult to arrange, more doubtful to success, or more dangerous to carry through than the initiation of change. . . . The innovator makes enemies of all those who prospered under the old order, and only lukewarm support is forthcoming from those who would prosper under the new. Their support is lukewarm partly from fear of their adversaries who have the existing laws on their side, and partly because men are generally incredulous, never really trusting new things unless they have tested them by experience. In consequence, whenever those who oppose the changes can do so, they attack vigorously, and the defense made by others is only lukewarm." So keep in mind both the innovator and his friends are in danger together.

Now, those of us who deal in transportation really feel that change is something we are deeply involved in, and that statement is one that is so current today. I enjoy it tremendously because it was during the Renaissance in 1513 that Machievelli actually made that statement. It is the same today as we talk about transportation and we talk about all the other things -- the whole question of fear, the question of concern, of really not being involved in change because it might not work. But I think it mandatory, being in the private sector, being a developer that risk-taking and innovation and new ideas and new thoughts have to be a part of what it is we think about when we talk about urban mobility.

Carrying this odyssey forward into the fifties, I moved from Boston to Dallas and got involved in the housing business, and we then used the highways, and we used the cheap land, and the cheap energy, etc., and we built thousands of houses, and we used the FHA and the VA mortgages. It was not basically a question then of marketing these things. It was