

not equally apply to publicly operated enterprises. Is there any evidence that investor-owned utilities are more efficient than those publicly-owned? Finally, there is no shortage of capital for public infrastructure purposes -- there is only the problem of the willingness to pay its cost.

The major benefits of privatization result from the deregulation of costs and prices. On the cost side it permits service standards, service levels, and wages to be removed from direct government determination. On the price side efficiency is encouraged by eliminating cross subsidies and by shedding unprofitable businesses through pricing decisions.

The major problems with cost and price deregulation for public facilities is that the effect is inevitably to provide less service at a higher cost for many users. Indeed, we would expect that for many of these facilities there would be insufficient demand of a market price to provide anything like the level of service that is currently provided. That is why many of these facilities are publicly operated in the first place. If a subsidy is to be provided to pay for the additional service or reduced price, it is unlikely that significant re-regulation could be avoided. It seems less than compelling to suggest that the public endure the trauma of deregulation through privatization, as is currently being experienced in the airline, trucking, and telephone industries, merely to have a private rather than public provider of the same service. It is true that the current tax code favors capital investment by private business more heavily than that by governments. The net effect of accelerated depreciation and tax credits may well reduce private costs of capital below the tax-exempt interest rates available to local governments. But reducing the cost of capital does not necessarily lead to increased investment. Corporate disinvestment in cases where consumers lack the willingness to pay the cost is just as prevalent as public disinvestment.

A well-run publicly owned enterprise can adopt the kinds of efficient means of operation usually associated with private enterprises, except perhaps the sweat equity by an entrepreneur. The technique of attacking unit labor costs through cutting the costs of new employees and expanding operations was pioneered in mass transit in Seattle many years before it was adopted by American Airlines. Subsidies can be made explicit and managerial incentives can be created so as to provide the same incentives for efficiency. Since government regulation is likely to remain for any privatized public facility it is debatable whether the adversary relationship typical of public service commission type proceedings is a more efficient process than the deliberations of a dedicated public enterprise board of commissioners.

In sum, the true measure of whether there is inadequate investment in public infrastructure is whether the public is receiving less than it is prepared to pay for. Privatization does not by itself increase the amount of capital available or invested. Should the public be prepared to support additional capital investment it may well be more efficient to use public enterprises rather than private ones to provide the facilities desired.

CITY PRESENTATIONS: HARTFORD, CHARLOTTE, HOUSTON

HARTFORD

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Thank you for this opportunity to talk about Hartford and the innovative work that is underway to solve its central business district transportation problems. What we have accomplished in a relatively short time is, I believe, quite significant.

We have learned some lessons along the way, and hope that they might be useful to you who have come from many different cities around the country. What we want to talk to you about can be organized under three themes: philosophy, process, and product.

The philosophy involves management. In this age of fiscal constraints, none of us can afford to focus only on increasing the supply of transportation facilities and structures to try to keep up with increasing usage. We must also learn to manage the existing facilities and structures better, and more importantly, we must learn to manage demand itself.

The process involves collaboration and consensus-building. First, agreement is needed on the nature and scope of the problems; second, all key parties must reach consensus on the importance of dealing with those problems, and third, solutions should be developed by all stakeholders, public and private; i.e., by everyone who has an interest in the outcome. This includes both the people responsible for deciding what is to be done and the people responsible for carrying out what is decided.

The product involves creation of a transportation management organization (TMO), an ongoing mechanism that institutionalizes the collective efforts to manage demand. What makes the TMO unique is the fact that it is a private sector structure that operates in a public sphere and it focuses primarily on the transportation actions of major employers.

To understand how each of these points applies to the Downtown Hartford Transportation Project, I will give you some background on the project, its recommendations and their implementation.

Over the past few years, Hartford has experienced an unprecedented boom in office construction, with more than three million square feet now completed, under construction, or committed. This represents as much office space as was completed in the previous twenty years combined.

With this growth has come great concerns. How will the city handle the thousands of new employees joining the downtown workforce? Will the city begin, literally, to choke on its own success? In the area of transportation, the concern was especially acute, for a variety of reasons.

First, Hartford's central business district is very small, only 50 square blocks and already dense, with 42,000 workers now employed there. Short-term parking is scarce and traffic congestion, while moderate in comparison to other cities, is intense during the morning and afternoon peak periods.

Second, the Interstate highway system was not built as originally designed. Hartford sits at the intersection of I-91 and I-84, but the two highways are not fully connected. You must leave one highway and travel city streets to get to the other. In addition, an Interstate beltway, which was designed to divert traffic from the downtown highways, was never built. The result is a dangerous, confusing, and congested highway system. I should add that

as a result of private and public sector collaboration over a three year period, nearly \$700 million has been allocated to connect and complete the system, a project that will not be finished until the mid-1990s.

The third reason that transportation was a special concern is that the mass transit system is heavily subsidized like transit systems elsewhere, and is run by the State Department of Transportation whose defacto policy severely limits service expansion prospects.

The question that faced corporate and city leaders was how a transportation system plagued by such inadequacies could handle the expected huge influx of new people. One major company came very close to moving a large division out of the city in part because of transportation problems. They, however, joined with other corporate leaders and elected officials and took preventive action, deciding new and innovative approaches were needed.

In the summer of 1981, members of the corporate community and the city decided to conduct a comprehensive study of transportation in the city's central business district. It was truly to be a public-private partnership. The corporation funded it at a cost of \$175,000 and the city administered the project. A steering committee was formed to oversee the project and set policy. It was composed of both public and private sector representatives, including state, regional, and local agencies, city council members, city staff, and representatives of such business-backed organizations as the Greater Hartford Chamber of Commerce, the Downtown Council, and the Greater Hartford Ridesharing Corporation.

The steering committee worked in a systematic way. First, the problems were defined: traffic, parking, transit, pedestrian movement/urban design, and goods movement, and then agreement was reached on a four-pronged approach for solving these problems.

- Reducing the inconvenience of congestion
- Managing the parking supply
- Improving the street environment
- Improving both the public and private sectors' capability to manage the transportation system

The committee then selected policies required to reach each goal and finally endorsed a specific set of actions. A team of five consultant firms was formed to provide data and technical analysis, but most importantly, the team helped the committee clarify its options. The committee's final recommendations are unique in several respects. For one, they are multi-modal. That is, they are aimed at all components of the transportation system. Second, each of the 33 recommendations represents a small manageable action. None requires a big fix, such as a massive change in the street system or the creation of a new transit system. Rather, the actions are small and doable, each coordinated with the other, and the cumulative effect is quite significant. Third, responsibility for carrying out each recommendation was assigned, with a timetable, to either the public sector, the private sector, or both.

There is not time to list all 33 recommendations but let me touch on a few of the recommendations which were made a year and a half ago.

- Setting specific goals and adopting specific actions plans to increase the number of people who use vanpools, carpools, or transit
- Prohibiting parking and deliveries on downtown streets during rush hour
- Changing employee work schedules so the peak afternoon traffic time is spread more evenly
- Eliminating free employee parking in a phased manner
- Improving the streetscape by adding new planters, benches, and bus shelters
- Developing a series of close-in commuter parking lots which include a shuttle bus to downtown employment centers
- Establishing the city's Public Works Department as the lead agency in developing and implementing transportation policies for the city
- Establishing the transportation management organization to act on behalf of the private sector in developing and implementing transportation policies

These last two recommendations are particularly significant because they not only respond to present needs, but they also involve preparation for future needs as well.

These recommendations have been endorsed by both the Hartford City Council and the greater Hartford Chamber Board of Directors. Significant progress has been made in implementing these recommendations.

On the public sector side, the Public Works Department has been designated and is functioning as the transportation responsibility center; plans are nearly completed to carry out the streetscape improvements, and planning has been done for creation of the close-in fringe parking areas and supporting shuttle buses.

The Downtown Hartford Project clearly has involved a collaborative, consensus-building process. The recommendations were not created in an ivory tower and dropped into the laps of those charges with implementing them. Rather, a concerted effort was made to bring together everyone with an interest in the success of the project.

On the private sector side, the TMO has been created through a grant from the Urban Mass Transportation Administration and a working committee of vice president and director level managers of major downtown employers has been at work for a year coordinating the adoption and implementation of private sector actions.

Clearly, the Downtown Hartford Project poses a management solution. It does not seek to create new capacity through massive projects that take years to plan and years more to implement. Instead we turned to relatively simple procedures and techniques that would change the pattern of demand in such a way that present capacity can be better utilized.

To conclude my remarks, let me say that the lessons we have learned from the Hartford Downtown Project can likely be applied to other downtowns and other transportation systems. Those of us involved in the project feel that the process is working for us and it can be a realistic approach for other cities to use as well.