transportation facilities in Houston, and without this no real assessment of the physical and financial needs could be made, and no real organized plan for an overall solution could be adopted.

Realizing the immediate and critical need to do something to turn around our declining traffic mobility, the Chamber of Commerce in 1981 decided to promote the development of a comprehensive regional mobility plan, and our role as a Chamber was twofold. First it was to get the people who could do the job working together instead of separately to set overall goals and quantify the funding needs, and second, to encourage elected officials to adequately fund and build the improvements needed to accomplish the plan's goals.

The Chamber approached each of the agencies responsible for funding and building transportation facilities, including the city of Houston, Harris County, the Texas Department of Highways and Public Transportation, the Texas Turnpike Authority, a toll road authority, and the Metropolitan Transit Authority. Each of these agencies then assigned a high level transportation professional to the task force, and the Chamber acted in the coordinating role in the effort to come up with a plan. Now, the task force was asked to develop the most efficient plan possible to solve our problem, and I think this is an important point, without regard to what is was going to cost for it established the framework for current and future transportation decision making in the Houston Metropolitan Area.

SUMMARY OF SESSION ON OVERCOMING BARRIERS TO COMPETITION
Joseph R. Stowers, System Design Concepts, Inc.

Several interrelated trends and problems are occurring which lead to the conclusion that private sector competition in the provision of service can offer substantial benefits. Conventional public transit service is increasingly recognized as offering a poor match with growing travel market needs in the suburbs and low density areas. Peak/off-peak ratios are very high for commuter services, and thus very costly for public transit agencies. The cost of purchasing and maintaining spares and other capital facilities has increased under the incentive of the Urban Mass Transportation Administration capital grant program. In some instances the number of spares has gone from the old industry standard of ten percent of peak period vehicles to as much as 35 percent. Given these conditions, coupled with shrinking federal support for unified areawide public transit systems and growing local demand for special services, many suburban communities have been withdrawing, or at least threatening withdrawal from metropolitan transit authorities.

Public costs of providing much of existing and future transit services can be substantially reduced by competitive contracting under proper controls by transit authorities. Studies of comparative costs indicate that a 35 to 50 percent cost advantage is achievable by contracting with the private sector. Another measure of the potential savings is that an estimated one billion dollars could be saved over a five year period if a ten percent spare factor which is commonly used in the private sector, could be achieved nationally. Several specific examples of cost savings and other benefits of private sector contracting were cited:

- The consolidation of a publicly operated route and a privately contracted route into a single privately contracted route in the San Diego area led to a direct cost savings of about $200,000 per year, and was a major factor in substantially reduced labor costs for the public operator over the next couple of years.

- In Chicago, a private operator was able to provide elderly and handicapped services at an average cost of nine dollars per passenger trip compared with 25 dollars for the Chicago Transit Authority.

- If Chicago area taxis were allowed to operate as jitneys and could contract for late night and weekend transit service, their average occupancy rate could be increased from 1.4 passengers per trip to an estimated 3.0 passengers per trip and their non-fare-paying mileage could be reduced from about 50 percent to about 30 percent, thus serving about 40 percent of the total Chicago area transit passengers at greatly reduced costs.

- Most of the estimated 10,000 buses in the Chicago area are sitting idle for substantial parts of the day because they are only being used for school bus service. Much cheaper transportation could be achieved if these could be used in regular transit service when not otherwise needed.

Numerous barriers will have to be overcome, however, to realize the full potential of the private sector. One major barrier is psychological -- the attitudes of public transit agency managers. Many of them fight any efforts to foster private transit services. Some simply do not want anyone else to operate buses. Some may accept private paratransit operators, but will oppose private operation of anything larger than vans. There may be fear that private operators will try to take over the major public transit systems again -- an unrealistic fear because this will not happen -- private operators' role will always be limited to a small portion of the market that is profitable or to providing service on a contractual basis. Part of this problem is also the lack of innovative management in the transit field as a whole.

Transit agency managers often oppose the use of funds for contracting because they feel they need all available resources for their own operations. Transit managers may often view private contracting as being in conflict with their responsibility for managing transit operations. They want to protect existing jobs. The strength of labor in preventing use of funds for private contracting is a dominant factor in most large urban areas of the Midwest and Northeast.

Federal funding is a barrier to private sector involvement because of the bias toward capital programs, which encourages large publicly owned bus fleets, and because the labor protection provisions of Section 13(c) require local labor agreements in most cases. Federal funding is available only for the public sector directly, and no funding is specifically available for private contracting.

Most urban areas have numerous restrictions and requirements for safety and insurance for privage operators, although this varies greatly across the country. Typically, these regulations take a pigeon-hole approach, with strict boundaries on each form of service so that certain types of service such as van pooling or dial-a-ride are not allowed. Taxi regulation is usually oriented toward protecting those that are already in the business and preventing competition.

Partly as a result of these local restrictive regulations, and partly as a result of policy biases toward public operation, many urban areas no longer have sufficient qualified private operators to create a competitive environment -- although this could obviously change rapidly if the basic causes were changed. Many large urban areas with diverse communities and numerous concentrations of high density activity may require a large number of private operators in order to realize the full potential of private involvement. Houston was cited as a prime example.

Part of the reason for the bias against private operations in both law and attitudes of transit agencies is the fact that public transit agencies have been viewed as the saviors of the transit systems as a result of their takeovers of failing private operations. We have been left in a situation where there is very little political support for loosening of overly restrictive regulations and other changes needed to foster private sector competition.

The roles of most transit agencies have to be redefined in order to overcome many of these barriers. They should be made trustees of multi-provider service systems, with responsibility for maximizing overall ridership or some more comprehensive measure of community benefits from transit, and should not simply be responsible for providing a given amount of service. Transit agencies will have to take on different skills in order to carry out responsibilities as contract administrators, but these are not inherently more difficult skills. Transit agencies will have to learn how to write contracts which are attractive to private operators, encourage competition, and investment in the field. On the other hand, contracts must be written and administered in a manner which protects the public interest -- e.g., adequate insurance requirements, cancellation for cause clauses, and incentive and penalty clauses.

Regulatory ordinances should be restructured to deal uniformly with all forms of private services, focusing on necessary safety, insurance, and driver competency requirements, and should avoid restrictions on the types of service which can be provided.

One form of capital investment was identified as being particularly attractive from the perspective of various private interests as well as public interests -- centrally located intermodal ground transportation terminals. Such investments were characterized as making everyone a winner -- the city, downtown business, developers, public transit, intercity bus operators, taxis, rural bus passengers, commuters, and less advantaged intercity travelers. Energy efficient modes and public-private cooperation are fostered as well.

Private operators can do far more to help their cause than they have been doing. Generally, they have been weak, disorganized, and too reactive. In very few instances have they organized to develop common cause -- a notable exception being the formation of the Metropolitan Transportation Association in Chicago. Private bus, taxi, and paratransit operators have much in common and should consider formation of associations in each urban area in order to exercise a more effective voice in the planning and decisionmaking process within metropolitan areas as well as at the state and national levels. Such associations could be effective mechanisms for developing common marketing efforts, for joining with financial institutions in generating new ideas on creative financing from the private sector, and for convincing public agencies to reform regulatory ordinances and develop effective programs for competitive contracting with private operators.

Congressman Moody discussed an amendment which he was planning to introduce in the current legislative session which would specifically allow the use of transit capital grant funds for contract services. Sections 9, 18, and 16(b)2 funds would all be authorized for such services. He expected opposition to the amendment from labor and transit management, but he urged these groups to recognize that it would strengthen the core transit system in terms of both ridership and political support. It would remove the capital investment bias of the federal program and would result in a slower rate of payout from public funds for a given amount of service because capital investments would be paid for over the full life of buses and other facilities.

WORKSHOP SUMMARIES

I. PUBLIC-PRIVATE COOPERATION IN TRANSPORTATION AND REAL ESTATE DEVELOPMENT

A. Transit Related Development: The Private Sector Role

J. Thomas Black, Urban Land Institute, Moderator

This workshop was designed to review current thinking and practice regarding the linkage between mass transit system development and associated real estate development -- or what has come to be called "joint development" in a broad sense of the term. The workshop involved presentations and discussion among expert panelists representing viewpoints of developers, two transit agencies, professional consultants, and the federal transportation agencies. All are now actively involved on a day-to-day basis in joint development activity at some level. Current experience in Los Angeles, New York, Miami, Washington, D.C., Denver, and Baltimore were represented on the podium.

The subject of transit-related public-private cooperative real estate development is many faceted, as the panel discussion reflected. The discussion was extremely rich in seasoned observations and conclusions gained from deep experience and much thought by the panelists.

The concept of marrying transit planning and development with development planning, controls, and market potentials is firmly established, at least in those cities represented. Los Angeles, New York, and Miami have, and are pursuing such a coordinated approach with what appears to be considerable sophistication and success. Also, the private development community now recognizes the value of transit-served locations.

Important elements of a successful strategy are:

1. A public policy supportive of joint development;
2. The presence of strong real estate capabilities on the transit side to participate in system planning and design, and implementation strategy, as well as specific station area development efforts;
3. The transit agencies acceptance of the private development community as part of