

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

the team which is important to the total success of a system and not just a source of funds to construct the system or an adversary of the public;

4. A single credible and authoritative office with which the private development community can deal and who can make or obtain decisions promptly; (emphasized over and over in the discussion);
5. The use of development incentives such as density bonuses, tax-exempt financing, federally-funded financial assistance through UDAG or other programs, exclusive access to stations, favorable lease provisions for transit properties to attract private developer and investor interest in developing to support transit, economic development, and urban design objectives;
6. Commitment to the project and project objectives but maintenance of sufficient flexibility to be able to deal with changing market and financial conditions, with unanticipated site conditions or design requirements, or new opportunities;
7. The use of negotiated development approvals with trade-offs for density bonuses, zoning changes, variances, PUD approvals, public improvements, and air rights transfers. Important public or transit benefits can be development of amenities, contribution to station development or operating costs, of right-of-way easements through private property for station access, or private development of required facilities;
8. The use of general benefit assessment districts to recapture transit benefits and to finance part of the system costs.

In general, the experience reported in New York City provided to be most illustrative of the variety of possibilities of public-private deals linking transit and private development. Most of those present were not aware of the large number or innovative character of the projects in New York which suggests the need for better monitoring and dissemination of reports on such activities than is currently occurring.

At the federal level, policy appears to be in a transition stage with Urban Mass Transportation Administration officials now exploring new financing strategies which reinforce joint public-private ventures that improve transit economics. Chuck Graves advised that UMTA has decided that revenues from leasing real property can be used for capital or operating costs (any purpose authorized by statute). He reported that UMTA has not decided whether UMTA Section 3 discretionary funds and Section 9 formula funds can be used to fund excess land acquisition or infrastructure to support private real estate development.

#### B. Transportation Management in Large Scale Suburban Developments

William Eager, TDA, Inc.,  
Moderator

#### What Is Transportation Management?

This workshop, a panel of twelve highly qualified speakers, represented a variety of interests and approaches. Included were those representing the private development sector, public officials, and those representing employer associations.

Travel demand has continued to grow, while, at the same time, public funds for construction of capital transportation facilities have been declining. As discussed by the panel, transportation management refers to a variety of responses to this gap between demand and supply. Transportation management is commonly used to cover the activities of ridersharing (carpooling, vanpooling, subscription transit), other programs to encourage transit ridership, and parking management. Also included under this umbrella were private-sector programs to fund and build streets and highways.

The objectives of these transportation management programs include:

#### Response to governmental regulation.

In some areas local government is mandating that private development projects establish or participate in transportation management programs and/or that they help fund local street and highway improvements.

- \* Marketing. In some cases private development projects provide ridersharing or special transit programs as one of the amenities offered in marketing the project.
- \* Response to Congestion. In some cases the purpose of the transportation management program is to ease existing roadway congestion. In others, projections of congestion have created limits on the amount of development that may occur. An effective transportation management program may raise the amount of development that can happen within the capacity of the capital transportation facility.

#### What Is Being Done?

In response to these needs, there have been a variety of programs. Summarizing:

1. Several of the projects provide management, marketing, and outreach activities to encouraging ridesharing.
2. Associations of employers are being formed to bring economies of scale to transportation management programs.
3. The basis for determining the amount of private contribution to highway improvement programs ranges from setting the amount equal to the difference between cost of the construction and the amount of public funds available (the take-it-or-leave-it approach), to a fixed charge per square foot or per daily trip. A variation makes payments equal to the amount of improvement that is required to maintain satisfactory levels of operating service.
4. Some projects directly provide transportation vanpools or transit.
5. At least one association has been instrumental in fostering the development of high occupancy vehicle lanes on highways.