

TCRP G-15: Public Transportation Guidebook for Small- and Medium- Sized P3 Initiatives

*Leading the Way: Small Operations Best
Practices and Innovative Solutions*
APTA Annual 2017

October 10, 2017
Elizabeth G. Neely
Lead Researcher
WSP USA



Objective

- Provide a resource for US public transit agencies to understand, evaluate, initiate, plan, and implement small- and medium-sized public-private partnership (P3) initiatives
- Study addresses:
 - *Why and when to consider P3s for small- and medium-sized initiatives*
 - *Types of initiatives to be undertaken*
 - *How to effectively undertake initiatives*

Study P3 definition

Contractual agreements formed between a public transportation provider and a private sector entity that:

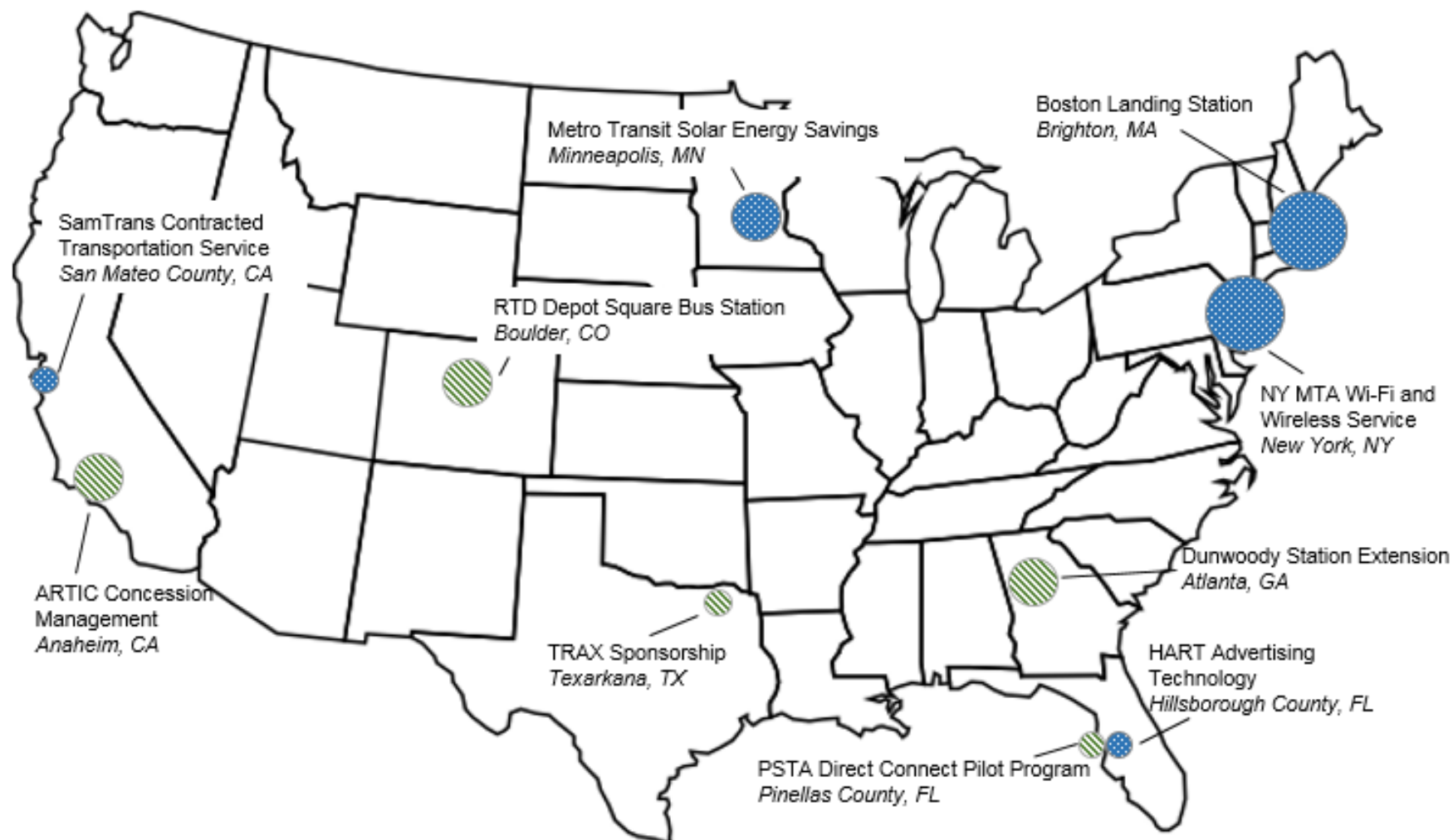
Provide a service (e.g., wifi, advertising, fueling facilities) to the public transportation provider. A relationship solely based on a one-time transaction or a financial transfer (e.g., tax increment financing) is not considered a service.

Transfer some level of risk associated with activities of the public transit provider (e.g., delivery, cost escalation, financing, operations, maintenance, or revenue) to private sector, with expectation of return on investment.




P3 Categories

Capital Improvements	Operations and Maintenance (O&M)	Real Estate	Sponsorship	Innovative Technology
Design Build	Transit O&M Concession	Joint Development	Sponsorship	Energy Savings
Design Build Finance	Transportation Network Companies (TNCs)	Air Rights	Naming Rights	Fare Payment
Design Build Maintain	Maintenance Concession	Station Access	Advertising	Real-Time Information Technology
Design Build Operate Maintain		Long-Term Lease		Wifi and Wireless Service
Design Build Finance Operate Maintain		Easements		
Design Build Finance Maintain		Vending and Retail Concessions		




Case Studies



Small-Sized P3s

-  Small Agencies: < 20 million unlinked trips per year
-  Medium Agencies: 20 – 250 million unlinked trips per year
-  Large Agencies: > 250 million unlinked trips per year

Medium-Sized P3s

-  Small Agencies: < 20 million unlinked trips per year
-  Medium Agencies: 20 – 250 million unlinked trips per year
-  Large Agencies: > 250 million unlinked trips per year

TRAX Sponsorship

Summary

- TRAX partnered with PRMC (Paris Regional Medical Center) to provide transportation to its patients and employees; also working on advertising contract
- PRMC worked with TRAX to generate local matching funds for operating grants

Justification

- Rural, small provider
- Part of broader TRAX goal to pursue innovative partnerships



TRAX Sponsorship

Identification

- Need for fixed-route service
- Funding limitations from ATCOG and TRAX

Initiation

- Targeted the largest employer, PRMC
- CEO was the champion

Planning

- Lease agreement
- PRMC assumed little risk
- Delays due to hospital's HQ in Houston
- Monitoring system was established

Implementation

- No formal contingency plan
- Big success for mobility



TRAX Sponsorship

Lessons Learned

- *Find stakeholders that share mutual project objectives;*
- *Solidify the project's goals and parameters before approaching a private partner;*
- *Secure a project champion;*
- *Ensure full support from all stakeholders involved; and*
- *Leverage previous P3 experience*

PSTA Direct Connect Pilot Program

Pinellas County, Florida

Summary

- PSTA removed buses from zone
- Buses that were removed cost \$150K, pilot program costs \$40K
- PSTA agreed to pay half of taxi and Uber fare, up to \$3 for passengers
- Uber provides technology, geofence
- Uber and taxi provide aggregated data each month



PSTA Direct Connect Pilot Program

Identification

- State legislature informed PSTA of Uber's partnership with University of Florida
- PSTA approached Uber and Lyft; United Taxi approached PSTA; Lyft reengaged after publicity

Initiation

- 3 month negotiation; Contract is identical for all parties

Planning

- Planning process occurred with legal teams

Implementation

- Uber - huge increase in ridership, PSTA - increase week by week, PSTA spent \$150K on bus route vs. \$40K for partnership



PSTA Direct Connect Pilot Program

Lessons Learned

- *Contract created equal playing field and appeased the political parties*
- *Data collect has been useful; but would prefer more specific data from Uber*
- *Successful P3 – reached agreement with TNC*
- *Opportunities – serve other parts of community with limited service and paratransit*
- *Uber's marketing – huge help in ridership, but lack of transit subsidy*
- *Advice – take advantage of new technology and mobility managers*

Elements of Success: Findings

Interviewee were asked how critical the following are to the success of P3s:

Elements of Success	Extremely Critical	Moderately Critical	Somewhat Critical	Not Critical
Regular and continuous monitoring				
Appropriate contract method				
Understanding each entity's desires/objectives				
Communication between stakeholders				
Staff competency				
Consultant support				
Leadership/project champions				
Funding/financing				
Enabling Legislation				
Experience with past P3s				

Best Practices Identified

1. Identify both a public and private champion early in the P3 process and make sure they are communicating.
2. Leverage assets that the public partner possesses that cannot be found elsewhere when structuring the P3.
3. Transfer as much financial risk to the private partner as the P3 will allow.

Best Practices Identified

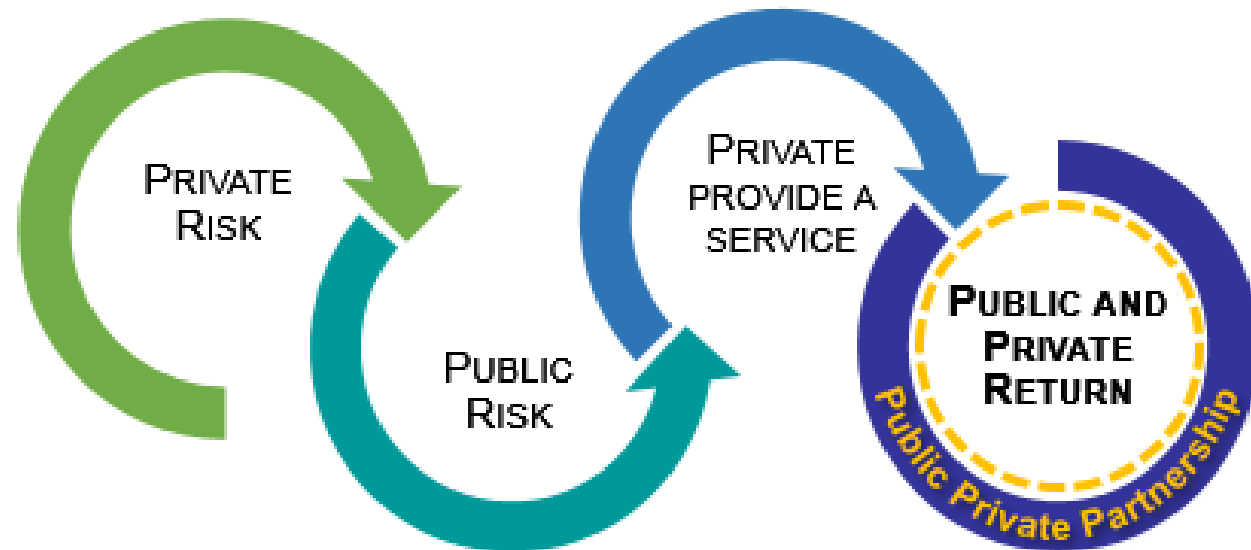
4. Set clear and formal guidelines, objectives, and performance targets that must be met by each partner.
5. Draw from your private partner's industry expertise in the non-transit centric aspects of the P3, beginning in the early stages of the partnership.
6. Select the appropriate contract method, tailored to the unique type of P3.

Best Practices Identified

7. Engage internal staff members integral to the success of the P3 once operational during the initial P3 conversations with your private partner.
8. Create a realistic project schedule based on the lead time of public and private approvals involved in implementing the P3.
9. Establish a formal method of communication and project monitoring between the selected points of contact from the public and private partner during implementation and throughout the operation of the P3.

P3 Project Screening Checklist

- Dynamic, interactive tool to assess initial viability of P3
- Preliminary, qualitative screening process
- Evaluation questions define project and partnership
- Follow-up questions document details



P3 Project Screening Checklist - Categories

- Project Definition
- Partnership Definition
- Initiation
- Planning
- Implementation
- Benefits
- Other Questions

P3 Project Screening Checklist - Example

Partnership Definition				
15 Legislation	Can the project be undertaken as a P3 under the existing P3 legislation?		Please select your response.	
16 Other regulations	Are there any other approvals or clearances that need to be performed to deliver this project as a P3?		Please select your response.	
17 Public Agency Benefit	Will the public transportation provider benefit from the P3?		Please select your response.	
18 Private Entity Benefit	Will the private entity benefit from the P3?		Please select your response.	
19 Public Risk	Will the transit agency assume risk?		Please select your response.	
20 Private Risk	Will the private entity assume risk?		Please select your response.	
Partnership Summary	Based on the answers above, determine if a re-evaluation is needed before proceeding.	Tally of 'Maybes': 0 Tally of 'Nos': 0		

P3 Project Screening Checklist - Example

Partnership Definition				
15	Legislation	Can the project be undertaken as a P3 under the existing P3 legislation?		Please select your response.
16	Other regulations	Are there any other approvals or clearances that need to be performed to deliver this project as a P3?	<div> Yes Maybe No Other N/A </div>	Please select your response.
17	Public Agency Benefit	Will the public transportation provider benefit from the P3?		Please select your response.
18	Private Entity Benefit	Will the private entity benefit from the P3?	Use drop-down menu.	Please select your response.
19	Public Risk	Will the transit agency assume risk?		Please select your response.
20	Private Risk	Will the private entity assume risk?		Please select your response.
Partnership Summary		Based on the answers above, determine if a re-evaluation is needed before proceeding.	Tally of 'Maybes': 0 Tally of 'Nos': 0	

P3 Project Screening Checklist

Partnership Definition				
15 Legislation	Can the project be undertaken as a P3 under the existing P3 legislation?	Yes	Please describe the enabling authority.	
16 Other regulations	Are there any other approvals or clearances that need to be performed to deliver this project as a P3?		Please select your response.	
17 Public Agency Benefit	Will the public transportation provider benefit from the P3?		Please select your response.	
18 Private Entity Benefit	Will the private entity benefit from the P3?		Please select your response.	
19 Public Risk	Will the transit agency assume risk?		Please select your response.	
20 Private Risk	Will the private entity assume risk?		Please select your response.	
Partnership Summary	Based on the answers above, determine if a re-evaluation is needed before proceeding.	Tally of 'Maybes': 0 Tally of 'Nos': 0		

P3 Project Screening Checklist - Example

Partnership Definition				
15 Legislation	Can the project be undertaken as a P3 under the existing P3 legislation?	Yes	Please describe the enabling authority.	
16 Other regulations	Are there any other approvals or clearances that need to be performed to deliver this project as a P3?	Yes	Identify what approvals are needed.	
17 Public Agency Benefit	Will the public transportation provider benefit from the P3?	No	Please describe why not.	
18 Private Entity Benefit	Will the private entity benefit from the P3?	No	Please describe.	
19 Public Risk	Will the transit agency assume risk?		Please select your response.	
20 Private Risk	Will the private entity assume risk?		Please select your response.	
Partnership Summary	Based on the answers above, determine if a re-evaluation is needed before proceeding.	Tally of 'Maybes': 0 Tally of 'Nos': 2		

P3 Project Screening Checklist - Example

Partnership Definition				
15 Legislation	Can the project be undertaken as a P3 under the existing P3 legislation?	Yes	Please describe the enabling authority.	
16 Other regulations	Are there any other approvals or clearances that need to be performed to deliver this project as a P3?	Yes	Identify what approvals are needed.	
17 Public Agency Benefit	Will the public transportation provider benefit from the P3?	No	Please describe why not.	
18 Private Entity Benefit	Will the private entity benefit from the P3?	No	Please describe.	
19 Public Risk	Will the transit agency assume risk?	Maybe	Please describe steps required to clarify the answer to this question.	
20 Private Risk	Will the private entity assume risk?	Maybe	Please describe steps required to clarify the answer to this question.	
Partnership Summary	Based on the answers above, determine if a re-evaluation is needed before proceeding.	Tally of 'Maybes': 2 Tally of 'Nos': 2		

Questions?

Contact Information

Study Materials: <http://www.trb.org/Publications/Blurbs/175901.aspx>

Nathan Macek

Principal Investigator

202-370-2912

Nathan.Macek@wsp.com

Elizabeth Neely

Lead Researcher

202-370-2930

Liz.Neely@wsp.com

Ella Claney

Researcher

202-370-2924

Ella.Claney@wsp.com

Appendix

Small- and Medium-Sized P3 Initiatives

MBTA Boston Landing Station

Boston, Massachusetts

Summary

- NB Development Corp. DBF of \$20M commuter rail station
- Funded 100 percent of the construction costs and first decade of O&M costs
- Part of \$500M New Balance headquarters building and other commercial development

Justification

- Small compared to US peers
- Includes capital and O&M cost components
- MBTA was approached by the private sector



MTA Wifi and Wireless Service

New York, NY

Summary

- Expansion of wireless voice, data communication, and wifi services to more NY MTA subway stations
- Better experience to customers and added security
- Advertiser-sponsored service free to subway riders

Justification

- Providing a new and innovative passenger benefit
- Significant involvement with the private sector



Dunwoody Station Extension

Summary

- State Farm approached MARTA to expand existing station to provide access to planned 22-story tower
- State Farm agreed to finance and deliver the project
- Part of 2.2M sq. ft. office/retail development

Justification

- Very small compared to US peers
- Also classified as real estate P3 for station access
- MARTA was approached by the private sector



SamTrans Contracted Transportation Service

Summary

- Partnered with MV Transportation to operate fixed-route urban bus and paratransit services
- Long-term (15-year), successful contract, renewed in 2012 following a competitive bid process
- Accounts for 17% of agency's fixed-route fleet
- Performance-based contract minimizes deadheading and improves service reliability

Justification

- Long-term, successful performance-based contract
- Small percentage of provider's services



HART Advertising Technology

Summary

- HART contracted with Commuter Advertising to provide GPS-enabled advertising technology
- Digital onboard media and an online media marketplace for local businesses
- Revenue split between HART and Commuter Advertising; estimated \$460,000 in additional revenue for HART over five years

Justification

- Innovative advertising management contracts
- Also classified as innovative technology P3
- Significant involvement with the private sector



Metro Transit Solar Energy Savings

Summary

- Increasing solar power production by installing solar panels on several new facilities
- Solar City is funding and installing the solar panels
- Will produce 50% of energy used at those sites
- Metro Transit pays fixed rate for energy, saving about \$4M in energy costs over the next 25 years

Justification

- Innovative energy savings pursued by provider
- Significant involvement with the private sector

