



AMERICAN
PUBLIC
TRANSPORTATION
ASSOCIATION

BUILDING PARTNERSHIPS

Building Collaborative Partnerships: A Route to Future Success

Leadership APTA Class of 2014

PROJECT TEAM

Jameson Auten, Kansas City Area Transportation Authority

Marie Benton, Dallas Area Rapid Transit

Brent Boyd, San Diego Metropolitan Transit System

Ben Limmer, Atlanta BeltLine

Joe Raquel, Foothill Transit



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1 Abstract

This project highlights the impacts of unique collaborative efforts in public transportation and provides a framework to advance the industry through emerging partnerships. With an increasingly competitive environment for scarce resources, transit leaders are continually seeking allies to diversify funding streams, increase ridership, and build the brand of transit. Many transit leaders partner with various groups and stakeholders to expand the effectiveness and efficiency of services provided in their communities, and while most leaders can easily identify many common key partnerships, some opportunities exist that may not be readily identifiable. Borrowing examples from the public and private sectors, this project highlights the advantages of being able to identify and develop potential collaborative opportunities.

2 Acknowledgments

Without the assistance, advice, and support of a legion of people and companies, neither this project nor our entire Leadership APTA year would have been possible.

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Throughout our project work, we were consistently amazed at the time and enthusiasm that transit CEOs and GMs, retired industry veterans, and private and non-profit leaders provided for our interviews. There are too many to list here individually, but thank you to 25 current CEOs and 18 other industry leaders, who not only provided a wealth of knowledge for our project but also provided career advice and lessons in leadership.

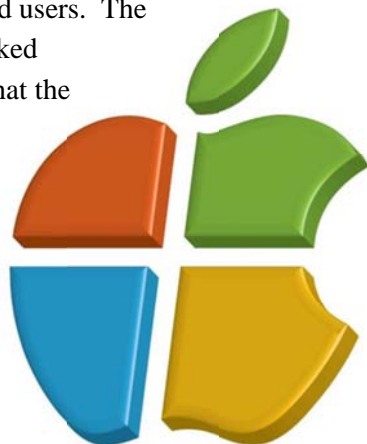
Finally, we would like to thank our fellow members of the Leadership Class of 2014. We couldn't have asked for a better group to share this experience with and we look forward to many years of collaboration and friendship.

3 Introduction

When people think of Apple and Microsoft they tend to think of them in the following terms: industry and innovation leaders, multibillion dollar companies, and, of course, rivals. Few would associate the following word with the two companies: *partner*. But, they are, indeed, critical partners.

Taking a cue from Microsoft and Apple, this project focuses on the types of partnerships that – from a cursory view – may seem highly unlikely due to competition for market share and resources, but could be critical to the future success of the transit industry nationwide.

Despite ruthlessly competing for market share, Microsoft and Apple have actually partnered on several projects and even many avid technology users may not realize that collaborative efforts between the organizations have resulted in services that are useful to end users. The two companies worked together to ensure that the Microsoft Office suite was functional on Apple computers and Siri (the iPhone user’s personal assistant) uses Microsoft Bing as the default search engine. The collaboration of Apple and Microsoft, despite being market-share rivals, illustrates the positive impact of competitors recognizing opportunities to work together. The same framework can apply to the transit industry.



This project will detail some similar unusual partnerships in the transit industry that agencies are

currently participating in as well as introduce potential emerging partners. The project will explore how the theory of “coopetition” could benefit the transit industry and how exactly to attract potential partners.

Data for the project was gathered by interviewing public transportation and business executives from across the nation. The sample included public transit agencies that are of different sizes, represent diverse geographic areas, and offer varying modes of service. In addition, top executives from consulting and recruiting firms, technology, healthcare, chambers of commerce, and public transportation related organizations provided unique perspectives in identifying collaborative opportunities. *See Figures 1 and 2 for the public transit agencies and other organizations that were included in the interview process.*

The transit agency leaders interviewed consistently emphasized how important external collaboration was to the success of their agencies and how much time they dedicated to this effort:

- “Partnerships are absolutely key to everything. Public transit is an indispensable part of any community and these partnerships can help to demystify what transit does and give people a better understanding of what people get from [transit]. We are always building partnerships and relationships. That’s got to be a consideration and a part of everything you do.” – Michael Scanlon, CEO San Mateo County Transit District (SamTrans)
- John Lewis, CEO Central Florida Regional Transportation Authority (Lynx), ranks external relations as an important focus of his Agency, and notes that it “requires about 40% of my time.”

- “External collaboration is a primary goal. It’s right at the top.” – Ellen McLean, CEO Port Authority of Allegheny County
- “I don’t think we can exist without external collaboration.” – Barry Barker, Executive Director Transit Authority of River City (TARC), who estimates that he spends 75 percent of his time on external collaboration.

Given the ever-increasing demand for transit services, yet constantly increasing costs for labor, fuel, and adherence to regulations, it is no surprise that transit leaders are looking beyond their own agencies for solutions to problems, but are they working with the right people and groups?

Figure 1. Transit Agencies Interviewed

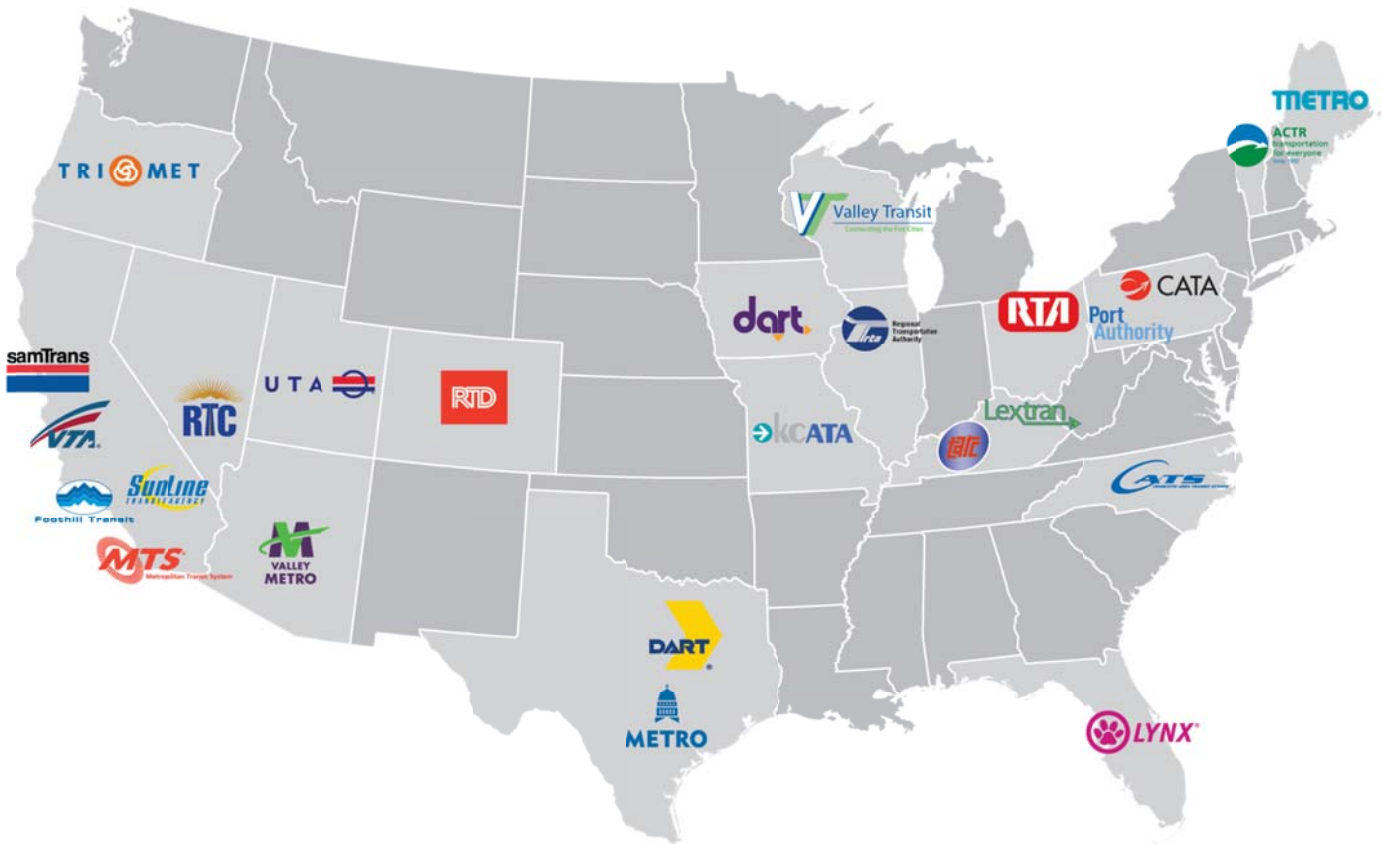
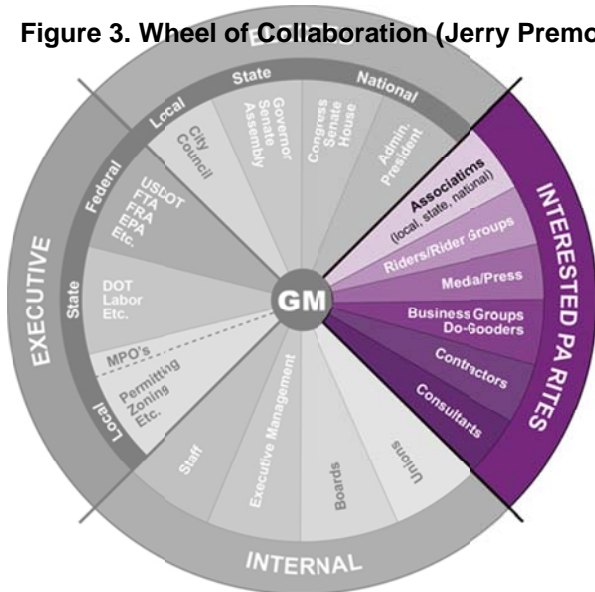


Figure 2. Other Industry Leaders Interviewed



One way to look at the issue is through Jerry Premo’s well-known “Wheel of Collaboration.” (See Figure 3) Premo, Executive Vice President AECOM, created the wheel to highlight the various groups with which public transportation leaders need to work with and maintain productive dialogue. According to Premo, “These are groups that GMs should be aware of and should be reaching out [to].” The elements of the wheel pertain to the relationships the vast majority of transit agencies must have with their stakeholders.

Figure 3. Wheel of Collaboration (Jerry Premo)



Virtually all leaders of transit agencies collaborate with similar internal (unions, boards, staff, etc.), executive (leaders of local, state, and federal agencies), and elected (officials at the local, state, and federal levels) parts of the wheel. But, Premo’s wheel identifies a fourth segment, “interested parties,” that are sought for partnerships in widely varying degrees across the country. This segment includes rider groups, media, contractors, and other groups that have an interest in public transportation.

For the purposes of this project this category was renamed “Non-Traditional Partners,” which will be the focus of this paper.

Non-traditional partners were further refined into three categories that kept being repeated during the interview process: Businesses and private industry; community and special interests; and “frenemies.”

This paper will provide industry examples of each type of non-traditional partnership and the results of those partnerships. It will conclude with a model to identify potential and emerging partners through the aforementioned “coopetition.”

4 Non-Traditional Partners

This section summarizes the key non-traditional partners that were mentioned during the interview process. These groups will provide a framework for the coopetition model and the identification of key emerging partners for the transit industry.

4.1 Business / Private Industry

Transit should partner more with local business and businesses in general. Bring Silicon Valley to Silicon Valley.

– Nuria Fernandez, General Manager, Santa Clara Valley Transportation Authority

Transit agency CEOs and GMs repeatedly recognized the business community and private industry as representing critical opportunities for collaborative projects. The research found that public transportation organizations have partnered with businesses in a several ways, with the greatest impacts in the following areas:

1. **Funding Partners**
2. **Operating Partners**
3. **Partners in Innovation**
4. **Partners in Community Support**

4.1.1 Funding Partners

Businesses have the ability to assist in the identification and provision of funding either from themselves or by advocating on behalf of public transportation agencies.

One of the best examples of this is the Toronto Region Board of Trade (BOT), an organization of 12,000 businesses. The BOT recognized the significant costs of traffic congestion on local businesses – about \$6 billion per year – and, consequently, made public transportation the top priority over the last few years.

The region’s voters approved The Big Move – a \$50 billion investment in public transportation infrastructure – in 2008. While this was a significant step in showing support, only 30% of the projects were funded. The BOT took responsibility to advocate for the remaining \$35 billion gap to be closed and in their report “A Green Light to Moving the Toronto Region: Paying for Public Transportation Expansion,” even offered suggestions on generating the needed funding, which included a recommendation for several tax initiatives. One of the initiatives was even a levy on parking spaces, which is traditionally perceived as being a disadvantage to businesses.

While the public transportation agencies in the Toronto area, of course, benefit from such



increased funding, the support really came from the businesses which were able to see how they stood to gain from such initiatives. “In terms of the Toronto region context and in terms of putting the issue on the table for politicians and elected officials, it really has been the BOT. It was really something that came from the business community. Consistent gridlock has been their biggest concern,” said Juan Gomez, Director of Policy for the BOT.

Without substantive relationships with public transportation representatives, there likely would not be such strong support. The regional transportation agency (Metrolinx) has collaborated with the business community on various campaigns, and the BOT has been a staunch ally in delivering their message. The BOT has hosted events in collaboration with the public transportation agencies and top public transportation professionals have come to speak at its meetings. The partnership has proven to be a success with the provincial government recently recommending another \$15 billion be contributed to the plan.¹

While Toronto serves as an excellent example of how business can spur public transportation funding, there are similar examples throughout the United States:

- **New York City** - the Empire State Public Transportation Alliance (ESTA) is a group of business leaders that helps promote Metropolitan Transportation Authority capital requests.²

¹ Interview with Juan Gomez, Director of Policy Toronto Region Board of Trade; July 10, 2014.

² Interview with Christopher Boylan, Director Transportation and Infrastructure Practice Harris Rand Lusk (current); Director of Governmental and Strategic Partnerships General Contractors of New York (during interview); May 4, 2014.

- **Orlando** - Businesses (Disney and otherwise) have been a driver for public transportation growth in the last few years. This growth began in 2008, when a large storm struck the coast, sending many people into Orlando. No public transportation service was available and “the bells went off in the business community,” said John Lewis, CEO Lynx. This incident was a tipping point in terms of support from the business community, which realized the importance of public transportation. Since then, the business community united against a plan by the state to reduce funding for transit.³
- **Las Vegas** – A transportation committee of the convention center, resorts, other businesses, and the airport has been established to develop a transportation investment plan.⁴ The impetus for this group forming was the recent recession. Tina Quigley, General Manager Regional Transportation Commission (RTC) of Southern Nevada stated, “RTC can’t move forward without these relationships and the other groups.”
- **Salt Lake City** – Envision Utah brought together community and business leaders to develop a long-range plan. According to Mike Allegra, General Manager Utah Transit Agency (UTA), this group enabled the businesses leaders to realize the importance of transit in the growth of the community.⁵

4.1.2 Operating Partners

When businesses and other organizations operate their own transportation systems, they can be seen as competitors to public transportation agencies.

³ Interview with John Lewis, CEO Lynx, May 5, 2014.

⁴ Interview with Tina Quigley, General Manager RTC; May 16, 2014.

⁵ Interview with Mike Allegra, General Manager UTA; May 5, 2014.

However, if looked at from a different perspective, they can be seen as integral partners in terms of moving people, rather than competitors.

In Orlando, Disney operates a transportation system that is similar in scope to Lynx. They have about the same number of buses and even operate in some of the same areas. However, Lewis doesn’t view Disney as an adversary. “I don’t look at them as competitors,” said Lewis. “I look at it as an opportunity to make a good impression of public transportation.”

Recently, Disney and Lynx have shared resources - operators and technicians - and have jointly hosted peer-to-peer reviews

annually that have focused on mutually improving operations, maintenance, customer

service, and supervision, with specific topics evolving based on need.⁶ In addition, Lynx operates eight routes onto Disney property – mainly geared towards serving Disney employees – which Disney helps subsidize. Lynx and Disney have also collaborated on long-range planning issues and have taken advantage of cross-promotional opportunities, such as Lynx advertising a new Disney ride on its own buildings.

In the end, it is a win-win situation for Disney, Lynx, and the passengers of both systems.

Working together allows Disney and Lynx to jointly improve operations and coordinate future services. Working collaboratively also helps each organization gain an understanding of the business



⁶ Interview with Andrea Ostrodka, Director of Planning Lynx; July 14, 2014.

needs of the other, providing a paradigm for developing a seamless operation.

Across the country, in the San Francisco Bay Area, SamTrans and Caltrain have partnered with local businesses on an ambitious shuttle program that is partly privately operated and geared towards private employers.

SamTrans/Caltrain support these routes – that serve such destinations as Google, Stanford University, and surrounding business parks – with about \$4 million in annual funding from local and grant sources (participating employers contribute roughly \$3 million). These routes generally serve destinations that are not well-served by public transportation, and in fact, are not expected to compete with public transportation directly.

The shuttles attract roughly 250,000 passengers per month and are seen as a vital partner to SamTrans/Caltrain operations. Mike Scanlon, CEO SamTrans, stated, “My personal belief is that we need all of the tricks in the bag if we’re going to provide urban mobility. I don’t think we should look at it as a market share for what public transportation should provide directly. We really need to focus on mobility management. You don’t play golf with one club; you need them all.”

Businesses can also help support public transportation operations that may help their own goals, but also help advance public transportation agencies. It is becoming more common to hear of certain public transportation routes being subsidized by local, nearby business. For instance, San Diego Metropolitan Transit System (MTS) has expanded summer service on one route subsidized by Qualcomm (many of Qualcomm’s interns live adjacent to the route).

Rochester-Genesee Regional Transportation Authority (RGRTA) has expanded upon this

traditional business partnership and had established 60 revenue generating business partnerships to help subsidize their public transportation system. This enabled RGRTA to improve upon its farebox recovery rate by 30%, producing, at one point, \$17 million annually from revenue generating partnerships. These partnerships were with entities such as the urban school district, apartment complexes, and shopping malls – all organizations that could benefit from targeted, well-operated routes. RGRTA was seen as a “good investment” by its ability to show demonstrative value by improving such areas as route productivity, cleanliness and on-time performance.⁷

The RGRTA improvements represented a common belief by many of the transit executives interviewed that for a successful collaborative partnership to result, agencies need to show how both sides can benefit, and show what value transit brings.

4.1.3 Partners in Innovation

Through collaboration with private businesses, public transit agencies can reap the advantages of innovation in terms of both financing and operational models.

One of the consistent themes heard in industry executive interviews – from both the public and private sides – is that public transit agencies need to start treating businesses as partners, rather than contractors. Private industry may have expertise, skills, knowledge, and experience that public agencies just cannot maintain in-house.

It is imperative that public transportation agencies capitalize on that available expertise, and increasing flexibility in procurement models to allow for more collaboration could result in further innovation.

Angela Iannuzziello, Vice President AECOM,

⁷ Interview with Mark Aesch, former CEO of RGRTA; Client Partner, TransPro (current), May 4, 2014.

stated the regimented procurement process “is depleting innovative relationships,” and Phil Washington, General Manager and CEO Denver Regional Transportation District (RTD), noted that “We have become so prescriptive. We’re taking away the creativity of the private sector.”

But, that appears to be changing. RTD and Valley Metro in Phoenix have both used an unsolicited proposal process, where the agency owns the idea submitted (typically by paying a stipend) and determines whether the idea has merit. Agencies take approximately 30 days to determine the technical and financial merit of the unsolicited proposal. If the idea does have merit, the agency will likely release it for a competitive bid. Otherwise, the agency may retain ownership of the idea for future use.

We have become so prescriptive. We’re taking away the creativity of the private sector.

– Phil Washington, General Manager and CEO, Denver Regional Transportation District

RTD, in particular, has reached out to the business community to take advantage of the expertise of private industry. In 2011, RTD hosted an industry forum – *Transformation Through Transportation (T3)*⁸ – attended by approximately 200 executives representing a cross-section of industries. RTD used this forum as a platform to communicate what they want, and how they can achieve success through partnerships. In this vein, RTD has accepted unsolicited proposals for review and has

⁸ *Transformation Through Transportation (T3)* news release, September 27, 2011

allowed alternate technical concepts to help foster and capitalize on the creativity of the private sector.

By using these concepts, RTD has saved significant money and time including the Eagle P3 project (which finished \$200 million under budget) and the I-225 Light Rail Line (which is now expected to be completed nearly 15 years ahead of its original 2030 timeframe). These successes could not have happened without the ingenuity and collaboration of the private sector and trust flowing both in both directions.⁹

4.1.4 Partners in Community Support

While working with private industry can certainly help generate funding, improve operations, and save money and time, one of the most important benefits of such collaboration is something that can’t be measured in revenues, passengers, or schedules: community support.

Transit CEOs/GMs continually reiterated the importance of spending significant time with those on chambers of commerce and other boards. Once these business leaders meet the transit leaders, the business community can put a face on public transportation and gain a better understanding of the complexity and scope of public transportation operations. Once they get this understanding, businesses may be much more likely to support the public transportation agency when the agency is attacked by the media, the public, or its riders.

Additionally, a business advocating for public transportation is more impactful and effective than if a public transportation CEO advocates on the behalf of transit. Barry Barker, Executive Director of TARC stated, “If I’m pushing public

⁹ Interview with Phil Washington, General Manager and CEO Denver RTD; May 6, 2014.

transportation, it is one thing; but if the guy selling glass is pushing it, it's totally different.”¹⁰

If I'm pushing transit it's one thing, but if the guy selling glass pushes it, it's totally different.

– Barry Barker, Executive Director, Transit Authority of River City

Beyond serving on boards and building relationships with businesses, another tool for public transportation agencies is to invite the private side to “look under the hood” of its operations.

The Port Authority of Allegheny County in Pittsburgh serves as a great example. When Bill Millar assumed the role of CEO of the agency, which had been struggling with public perception, he knew immediately that he had to build credibility within the community. One of the first things he did was invite the local businesses to analyze the organization. The businesses did exactly that, and while the agency improved operations with some of the suggestions, the main benefits that the agency realized were:

- Businesses became invested in the success of the agency
- Businesses gained a new appreciation for the daily operations and size of the agency, and really began to look at public transportation as a peer big business, rather than simply a public utility.¹¹

When Paul Skoutelas assumed the lead role after Millar, he continued to focus on the relationships with the business community. “Pittsburgh didn't

¹⁰ Interview with Barry Barker, Executive Director TARC, May 6, 2014.

¹¹ Interview with Bill Millar, former APTA President, May 30, 2014.

have the benefit of a local funding source, so our allies were businesses such as the Allegheny Conference on Community Development,” said Skoutelas. “We leveraged their support along with the Chamber, and funding was passed with their support.”¹²

Similarly, Capital Metropolitan Transportation Authority (Cap Metro) in Austin, TX, found that transparency with local businesses helped build community

support. “We had a history of being perceived as an insular culture and being



arrogant,” said Cap Metro President & CEO Linda Watson. “We needed more friends and one of the most important things that we did was improve the transparency.” The agency has since been awarded the Texas Comptrollers highest rating for its financial transparency efforts.¹³

Agencies need to develop the relationships with the businesses and run transit like a business, while keeping the transparency. Agencies have a tendency to think the same and need to start thinking outside the box.

– Dr. Barbara Gannon, Principal GannonConsult

¹² Interview with Paul Skoutelas, Transit Market Leader Parsons Brinkerhoff, May 5, 2014.

¹³ Interview with Linda Watson, President & CEO Capital Metropolitan Transportation Authority, May 21, 2014.

Building relationships with business is critical to success. Furthermore, transit agencies have recently tried to position themselves as the big businesses that they are. If public transportation agencies want to present themselves as a peer to big businesses, and if they want to be among them, they need to act like them, and partnering with businesses is a great way to do just that.

4.2 Community and Special Interest Groups

It is ideal to have other organizations tell the story of public transportation for the agency. It adds validity.

– Leann Redden, Acting Executive Director, Regional Transportation Authority (Chicago)

While businesses can prove to be very strong supporters of public transportation, there are mutually-beneficial partnerships to be had with both community and special interest groups. A common sentiment echoed by many public transportation leaders is the need to identify and share common values with groups that have both the ability and influence within the community to advocate on your behalf.

Many agencies recognize the value of leveraging their local community and special interest groups. These groups, in turn, support the agency on initiatives such as voter outreach, grassroots funding, and assisting with workforce development.

For instance, while an agency can not directly lobby voters, many do leverage their relationships with faith-based and neighborhood groups to further their message, which, in turn, can sway

voter opinion and increase voter turnout during a referendum.

Current APTA President and CEO Michael Melaniphy has led four public transit agencies during his career, and at two of those agencies – Charlotte Area Transit System (CATS) and El Metro in Laredo, TX, – a transit tax was successfully passed when he was in a leadership position. Melaniphy believed community involvement played a major role in obtaining voter approval. He gave presentations to various community groups – educating them on the role transit played – and saw the value in speaking the language of the audience. In speaking to one group he recalled equating the cost of a bus to a columbine and stated, “Relatability is a key part; give people a reason to care.”¹⁴

At the core of relating to the community, is showing the value as it relates to the audience. If agencies are successful in their outreach efforts, public support will be on their side during such initiatives as a dedicated transit tax referendum.

Community-based groups and colleges also help with an agency’s ability to fund service. For instance:

- **Valley Transit (Appleton, WI)** benefited from a United Way “Life Study” analysis which found that service levels were not meeting the work commute needs of the public. United Way approached a major employer in their area and facilitated a funding arrangement for more service.
- **Addison County Transit Resources (Middlebury, VT)** leveraged its relationship with a local college that resulted in the college

¹⁴ Interview with Michael Melaniphy, APTA President & CEO: May 29, 2014.

providing matching funds for two routes that were requested by students.

- **Centre Area Transportation Authority (CATA)** in State College, PA benefits from its relationship with Pennsylvania State University. In the late 1990s, the university had its own transit system, but CATA proposed that it become the de facto transit system for the school. The relationship benefited both groups as now the university purchases service by the hour and it achieves a 70 per cent fare recovery ratio.¹⁵

Public transit agencies have also partnered with local colleges to address their workforce development challenges.

- **Denver RTD** has their Regional Workforce Initiative Now program, or “WIN”, which is a collaborative partnership between RTD and the Community College of Denver. This program provides training in the construction and transportation disciplines, which in turn, benefits RTD’s ability to employ the trained workforce needed for the Eagle P3 Project.
- **SunLine Transit Agency (Thousand Palms, CA)** has partnered with a local college, College of the Desert, to teach hydrogen and fuel cell technology.

4.3 Frenemies

As soon as you take someone on as a competitor, you will lose. You need to look at these instances positively; it will

¹⁵ Interview with Hugh Mose, (retired) General Manager Centre Area Transportation Authority; May 19, 2014.

become a win-win...look at how we can collaborate.

–Michael Melaniphy, President & CEO, APTA

Reaching out to perceived competition can, at times, allow transit agencies to better serve their communities. Groups which bring challenges to agencies can be those that compete for funding, block system expansion, curtail existing service, or otherwise critique, criticize or complain. These groups can be partnered with for mutual benefit.

Conversely, if agencies ignore public transportation’s traditional supporting base, these groups can work to defeat transit initiatives, despite supporting the overall idea of mass public transportation. These “frenemies” can often be partnered with on a case-by-case basis, depending on what makes business sense for each agency and the local businesses or special interest groups.

These “frenemies” may include highway and toll authorities, advocacy groups, and alternate modes, all of which can be worked with collaboratively, depending on what common ground can be found. While these groups can cause challenges for agencies, they can also be leveraged for transit’s benefit.

Highway agencies, although competing with agencies for the same public dollars, have worked together with public transportation organizations to implement better mass public transportation planning initiatives. For instance, high occupancy vehicle (HOV) lanes can be constructed and bus-on-shoulder programs can be implemented¹⁶ to ease

¹⁶ Bus on shoulder programs authorize public transportation buses to operate on the shoulders of selected freeways during periods of congestion in order to maintain public transportation schedules.

the effects of highway congestion on transit travel times.

However, while rider advocacy groups support the use of transit, they can also quickly point out flaws or challenges within the system. Two examples include:

- **Straphangers Campaign (New York City)**
While encouraging the use of the New York public transportation system (MTA), the group also puts a spotlight on potential areas of improvement. This particular group highlights the MTA’s shortcoming with their annual “Pokey Award,” awarded for the slowest bus route, and the “Schleppie Award,” an award given for the least reliable bus.¹⁷
- **Opal (Portland, OR)** – A transit advocacy group in Portland, which could potentially advocate for transit, has instead focused on narrow issues such as advocating for an extended transfer time. Tri-Met worked diligently to facilitate an agreement and invited Opal to participate, but the agency’s outreach efforts were not successful.¹⁸

Private modes of public transportation can be seen as a threat to transit service if it is perceived that they are siphoning off ridership from public transit. However, some agencies have embraced providers such as Lyft, Uber, and Zipcar as filling in the “gap” on public transportation and serving as a complement to existing service. A few agencies

<http://www.chicagotribune.com/news/local/breaking/chibusonshoulder-service-to-be-expanded-20140811-story.html>,
<http://www.trianglepublictransportation.org/bus-shoulder-system>

¹⁷ The NYPIRG Straphangers Campaign was founded in 1979 by the New York Public Interest Research Group. More information about this group is available on <http://www.straphangers.org/>

¹⁸ Interview with Neil McFarlane, General Manager Portland Tri-Met, May 27, 2014.

(such as SamTrans and Metrolinx) have even incorporated space for Zipcars at select stations. On the Zipcar website, they provide the following reason why public transportation and their car service can work well together; “You love your bus pass but not for grocery shopping, longer trips or spontaneous adventures.”



While there are opportunities to work with groups perceived to be competitors, failing to reach out to or to connect with traditional allies can cause an agency to lose out. A traditional mass transit ally not backing an initiative can carry a tremendous amount of influence with the voting public.

One interesting example is the Green Tea Coalition: the joining of the Atlanta chapters of the NAACP, Tea Party Patriots and the Sierra Club to defeat a \$7.2 billion public transportation tax referendum. While the Sierra Club has been a traditional ally of public transportation,¹⁹ it felt that not enough of the tax revenue



would be earmarked for public transit in comparison to highways. This group was able to find common ground with the local Tea Party Patriots, who also opposed the overall concept of further taxation and the methods dictating how the tax would be spent.

¹⁹ The Sierra Club O’ahu group is currently supporting the Honolulu Rail Transit Project, <http://www.sierraclubhawaii.com/railfaq.php>

5 Emerging Partners

What I have found is the business of finding partners with whom you can do work with is very powerful. It's taken me to a lot of places I never thought I'd be.

*–Stephanie Pinson, President,
Gilbert Tweed International*

While the previous section detailed groups that transit agencies are currently partnering with, it is critical to look toward future opportunities for collaboration and the identification of emerging partners. Questions that CEOs need to continually ponder include:

- How can public transportation sustain its current market and blaze into the future?
- What groups can transit agencies work with to accomplish this?
- What types of emerging partnerships are going to guide the industry's future?

The first key emerging partner can be found embedded in current demographic shifts within both the Millennial and Baby Boomer generations. Both Millennials (those born in 1980 or later) and Baby Boomers (those born between 1945 and 1964) present unique challenges and opportunities for the public transportation industry.

Millennials are the largest generation in U.S. history and the most multi-modal, representing a vast opportunity for public transportation agencies. APTA's Millennials for Mobility states that nearly 70 percent of Millennials make use of multiple transportation modes. The challenge for agencies is to present transportation options in ways that appeal to this mobile, techno-savvy group.

One partnering example comes from Charlotte, where the City of Charlotte is strategically trying to market to Millennials with everything from urban living, to jobs, to recreation, to transit. Charlotte sees this generation as their future.

We need to increase our relationship with Millennials and need to tap that group. We need to look at a demographic-charged approach. We've done a good job on a broad basis, but we have not targeted groups sufficiently.

*–Carolyn Flowers, CEO, Charlotte
Area Transit System*

Baby Boomers present another opportunity. As millions of Boomers reach retirement age, cities across the country will face unprecedented demand for transportation, including public transportation. This is a demographic shift that is on the immediate horizon (The AARP – American Association of Retired Persons – estimates the trend will spike in 2017) and will require partnerships with community-based organizations to engage with Boomers. Although adaptable to technology, Boomers still prefer traditional forms of communication, especially face-to-face.

The Greater Cleveland RTA (GCRTA), for instance, is focusing efforts on expanding their partnership with AARP. It sees the demographic trend with seniors as a key strategy in building and sustaining its ridership base. Joe Calabrese, General Manager and CEO of GCRTA, believes “We need to work on building relationships with entities that can break down cultural and socio-economic barriers and changes.”

There are also emerging partners as a result of recent economic shifts and the public transportation industry – much like private businesses – must adapt. The new, post-recession economy has brought about monumental changes in global and local economics. While many regions across the U.S. are still in “survival mode,” new industries and businesses have been leading the charge on economic recovery.

Other economic shifts include – as discussed previously – public-private partnerships. Public-private partnerships can be focused on transit capital and operation financing, but there is also a new age of procurement where agencies are becoming more agile and innovative.

Together, demographic and economic shifts are leading to changing mindsets. Trends happen fast and the transit industry has not always been quick to adapt. Transit can use such partnerships to get beyond transit-dependent ridership bases and become fully-integrated into the quality-of-life of its customers. The transit industry is beginning to recognize that they are a key piece of the multi-modal mobility puzzle and multi-modal thinking requires busting the traditional silos.

The key for the leaders in the public transportation industry is to identify the new industries and businesses early and begin to integrate and forge new opportunities.

Several strategic partnership opportunities are emerging as a direct result of changing demographic patterns, shifts in regional and global economies, and changing customer mindsets. Although partnerships evolve over time, the industry must continually monitor and adapt to the ever-changing economic and commuting landscape.

To accomplish this goal, the industry needs to be thought of and present itself as a big business critical to the economic base of their regions.

As Stephanie Pinson, President of Gilbert Tweed International stated, “What I have found is the business of finding partners with whom you can do work with is very powerful. It’s taken me to a lot of places that I never thought I’d be.”

But, a partnership implies that there is more than one party involved. If transit agencies decide to partner with a specific group, how do you get that group on board? It’s not as simple as approaching a group and hoping resources will simply be provided upon request.

Time and again, from both the public side and private side, interviewees stated that it is crucially important to understand not only how the partner can help out transit, but how transit can help out the partner. David Beadle, a senior executive with Qualcomm in San Diego, stated from the private industry’s point of view, “You need to understand their pressure points. Come in as a partner and ask how you can help them.” Greg Jordan, General Manager of Greater Portland (ME) Transit District reiterated the point, “When engaging stakeholders, you need to identify what is in it for them and what is in it for us.”

Once the needs of the potential partners are understood, a mutually beneficial plan could be developed. “The challenge is having a story that shows benefit,” said Carolyn Flowers, CEO CATS.

And, finally, everyone should know their responsibilities going forward. “Give everyone a job,” said Bill Millar, retired APTA CEO.²⁰

Now, with an understanding of current non-traditional partners of transit agencies, a sense of

²⁰ Interview with Bill Millar, Past APTA President: May 30, 2014

who the emerging partners might be, and a plan to attract the partners, a new model for transit going forward is presented – cooperation.

6 Cooperation

“You need to focus on getting a bigger pie, rather than fighting over the slices of the pie.”

–Mike Scanlon, CEO, San Mateo County Transit System

Creating interlinked transportation systems, with multiple mode choices at appropriate service levels, will attract more riders to transit. To do this transit agencies must continually rethink their approach to transit.

While it is true that focus must continue on operational duties, it is more important that leaders use high resolution focus in identifying ways of moving people beyond traditional modes of thought. This includes collaborating with firms that may historically be thought of as competitors.

Recognizing potential collaborative opportunities can be challenging for transit agencies. The current ever-changing economic, political, and business environment dictates that organizations continually adapt. One notion that has permeated businesses is the idea of competition as a zero-sum game, in which for one organization to win, another must lose. As customer tastes and preferences continue to evolve with technological advancements, it is important that public transportation agencies evolve into businesses that are able to embrace new business models and partnerships that advance the transportation industry.

Cooperation is a concept coined by researcher Barry Nalebuff in 1996. The concept is built on game

theory and describes how businesses can identify “competitors” and “complementors” and work with them to provide solutions that are mutually beneficial. This results in moving away from a zero sum game and into a relationship that yields positive results for all participants. The end product of cooperation is the harnessing of the potential power among all players in a game and improving the game itself as a whole.

In short, cooperation offers a paradigm for increasing the total market in any given industry with the goal being success for all participants in the market. In terms of public transportation agencies, this suggests that organizations should focus on creating networks that include other potential competitors for passengers, funds, or other resources to gain advantages for themselves and for the industry. Some managers might rightfully bristle at the notion of possibly working with other services that might cannibalize ridership numbers. But, consider the following example.

- Antique stores in Brussels are located in close proximity to each other. Instinctively one would think that this would create too much competition among the shopkeepers. However this is not the case. These businesses are thriving. Why? Because more access and opportunity leads to more complementors and more motives to shop to find that perfect complement to other items. This increases the total market and affords all businesses with an opportunity to increase revenue generating opportunities.
- The above example provides a view of the marketplace that allows for increased collaboration and creates not just a *piece* of the pie, but a bigger pie.

How can this be applied to public transportation networks? Nalebuff introduces the concept of the

Value Net as a model for identifying roles of the players in any industry. The Value Net (Figure 4) shows the relationships between an industry, its customers, suppliers, competitors, and complementors. It also describes how organizations can begin to think about organizational relationships beyond the transportation industry.

While the Value Net uses traditional definitions for both customers and suppliers it defines the remaining two external groups as competitors and complementors, defined as the following:

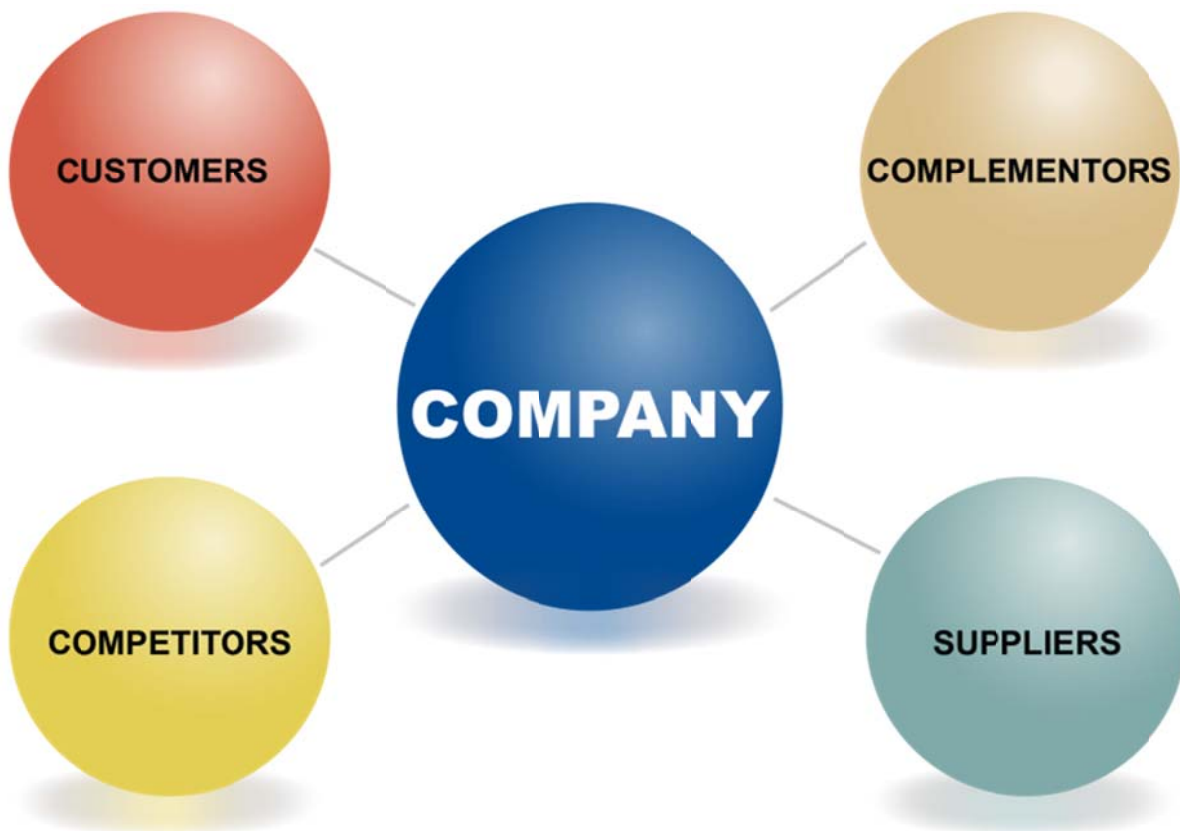
- **Competitors** are external companies or groups that offer products that compete with your company for market share. However, the main distinction is that customers value their product or service more than the one you offer. This

results in loss of market share and revenue opportunities for a company.

- On the other hand, **complementors** are companies that offer products or services that, when used in conjunction with your company's offerings, provide maximum value and utility to the customer. A great example of this could be hot dogs and mustard.

The Value Net helps to identify potential collaborative opportunities with the four identified groups. However, the Value Net has also proven helpful for competitors and complementors in improving industry health. The example of Microsoft and Apple exemplifies collaborative efforts between the two firms that provide value to the end-user. However, this model can be applied to creating markets as well. Intel used this model to increase demand for its chips by partnering with Compaq and phone companies to introduce a video-

Figure 4. Value Net



based application. To use video effectively, powerful processing units, like those supplied by Intel, are required. Each partner benefited because they were able to offer access to the application, thus creating demand and generating new revenues. Compaq included the application on its machines at a reduced cost and the phone companies increased demand for lines required to carry the transmissions. The partnership, at the end of the day, established a market.

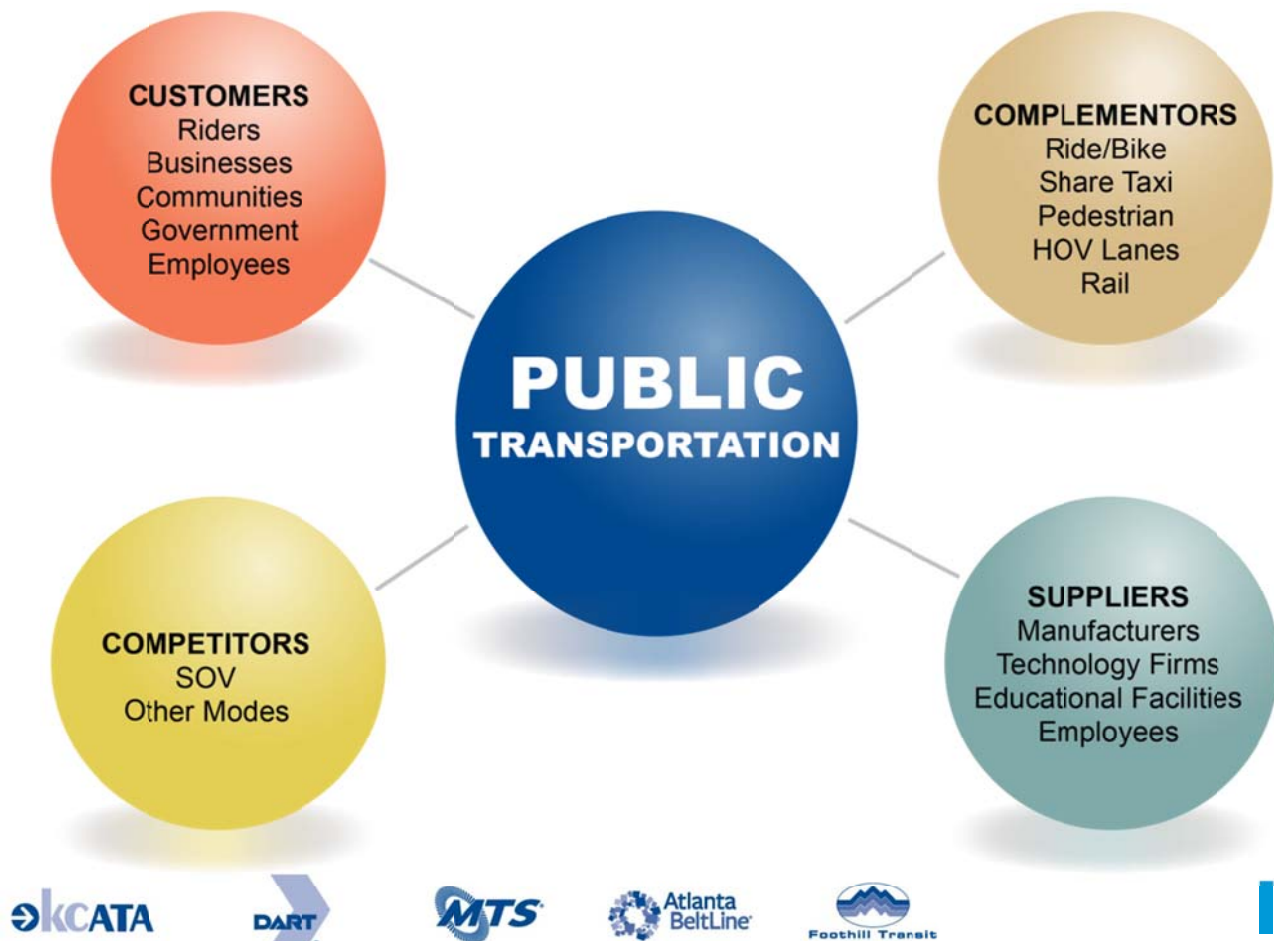
The Value Net is important to public transportation providers because customers may “bundle” services and modes that, for their particular commutes, are the most beneficial. Applied to public transportation, the Value Net model (see Figure 5) opens the door for collaborative considerations with entities that may not be traditionally thought of as allies (e.g. road construction firms for bus on

shoulder planning; taxi services for last mile services; and supporting vanpools). Growth in service offerings can result once a critical mass of customers is achieved.

Bill George, CEO of the Kansas City Transportation Group, reported that more than 90% of zTrip users (a new on-demand taxi service) have not ridden public transportation previously. He sees an opportunity to partner with the local transit agency to feed these new riders into the public transportation system using zTrip as the first and last mile of service.

Applying the Value Net to public transportation yields the result below (Figure 5), with many more organizations and modes, perhaps, being included in the four categories. The application of this concept requires that agencies have a solid understanding of the organizations within their net. This allows for the recognition of opportunities

Figure 5. Value Net Applied to Transit



where they can partner.

This model is even more beneficial as companies develop an understanding of the Value Nets of their competitors, complementors, customers, and suppliers.

7 Conclusion

Public transit systems cannot operate on an island. Businesses, private industry, community groups, special interest groups, and “frenemies” can all offer fertile ground for mutually beneficial partnerships. The value of developing relationships and working with these groups is immeasurable.

From financing options to political influence, there are many examples of transit systems working through external groups to accomplish common goals. However, in order to attract these groups, transit agencies must continually work to develop and maintain genuine relationships. This includes investing time and energy into getting to know the key groups within your area and learning their goals and finding commonality on issues. While many companies already do this with government agencies, local charities, and others, there are often opportunities that go unnoticed.

Models such as cooptation and the Value Net provide a methodology for not only recognizing partnership opportunities, but also growing the number of users of public transportation services. Focus must be on what services exist and are emerging and how transportation can adapt to ensure that the value added by our services- in addition to other options- refocuses the consumer mindset in a favorable view toward public transportation. Focusing on supply side collaborations can help to provide products and sourcing options that lower cost and allow systems to allocate more funds toward improved service. Alternatively, focusing on identifying

complementary services can increase the total market and increase revenue generating opportunities.

This requires that transit properties move away from viewing themselves as government agencies and take on more business-like identities. Public transportation systems must begin to keenly recognize market opportunities and find ways to take advantage of them. The focus must shift from providing transit systems to creating true mobility management systems.

Consumer profiles are changing, and just like businesses, transit systems must be flexible and nimble in providing service options that provide solutions to consumer needs. This will increase the market for all service and assist in realizing key goals of public transportation: providing services coveted by emerging generational groups; serving as an economic catalyst; and reducing single-occupancy commutes to maintain or improve our environment and provide better mobility in a region.

Competition, whether friendly or fierce, is a good thing. It forces companies, businesses, and, of course, transit agencies, to be innovative and creative to gain the scarce resources such as funding, land use, and customers.

The Apple and Microsoft example in the beginning of this paper showed that classic rivals can partner with one another and reap benefits. Another example is that Apple and Microsoft jointly purchased Kodak patents so that another rival, Google, could not acquire them.

Think about the competition between Apple’s iPhone IOS and Google’s Android system. Who is really benefitting from this rivalry? (A) The companies that make accessories for the smartphones that run the operating systems, and (B)

the customers. The end users benefit from the new technology as Apple and Google are constantly trying to “one up” one another.

Collaborative partnerships, whether with perceived rivals, community groups, or area businesses, can have multi-faceted benefits for transit agencies and the industry. More options for users, higher ridership, and increased funding and service levels can be some of the positive outcomes of these partnerships. Reaching out to key groups, finding common ground and honing your message, can pay dividends for an agency and the industry as a whole.

A Appendix A

LIST OF INTERVIEWS

Transit Agency Leadership

Mike Allegra

General Manager
Utah Transit Authority
Salt Lake City, UT

Steve Banta

Chief Executive Officer
Valley Metro
Phoenix, AZ

Barry Barker

Executive Director
Transit Authority of River City
Louisville, KY

Doran Barnes

Executive Director
Foothill Transit
West Covina, CA

Rocky Burke

General Manager
Lextran
Lexington, KY

Joe Calabrese

General Manager and Chief Executive Officer
Greater Cleveland RTA
Cleveland, OH

Nuria Fernandez

General Manager
Santa Clara Valley Transportation Authority
Santa Clara, CA

Carolyn Flowers

Chief Executive Officer
Charlotte Area Transit System
Charlotte, NC

Mark Huffer

Former General Manager
Kansas City Area Transportation Authority
Kansas City, MO

Paul Jablonski

Chief Executive Officer
San Diego Metropolitan Transit System
San Diego, CA

Greg Jordan

General Manager
Greater Portland Transit District (Metro)
Portland, ME

John M. Lewis, Jr.

Chief Executive Officer
Central Florida Regional Transportation Authority
Orlando, FL

Neil McFarlane

General Manager
Tri-County Metropolitan Transportation District of
Oregon
Portland, OR

Ellen McLean

Chief Executive Officer
Port Authority of Allegheny County
Pittsburgh, PA

Hugh Mose

General Manager (retired)
Centre Area Transportation Authority
State College, PA

Jim Moulton

Executive Director
Addison County Transit Resources
Middlebury, VT

Elizabeth Presutti

General Manager
Des Moines Area Regional Transit Authority
Des Moines, IA

Tina Quigley

General Manager
Regional Transportation Commission of Southern
Nevada
Las Vegas, NV

Leanne Redden

Acting Executive Director
Chicago Regional Transportation Authority
Chicago, IL

Michael Scanlon

Chief Executive Officer
San Mateo County Transit District
San Carlos, CA

Lauren Skiver

General Manager
SunLine Transit Agency
Thousand Palms, CA

Gary Thomas

President / Executive Director
Dallas Area Rapid Transit
Dallas, TX

Phil Washington

General Manager and Chief Executive Officer
Regional Transportation District of Denver
Denver, CO

Linda Watson

President and Chief Executive Officer
Capital Metro
Austin, TX

Deborah Wetter

General Manager
Valley Transit
Appleton, WI
Private Industry Executives

Private Industry Executives

Mark Aesch

Client Partner
TransPro Consulting
Tampa, FL

Dave Beadle

Senior Manager
Qualcomm
San Diego, CA

Dr. Barbara Gannon

Principal
GannonConsult

Angela Iannuzziello

Vice President, Canada National Transit Market
Sector Lead
AECOM
Toronto, ON

Jerry Premo

Executive Vice President
AECOM
Orange, CA

Paul Skoutelas

Senior Vice President
Market Leader and Director – Transit & Rail
Parsons Brinckerhoff
Pittsburgh, PA

Stephanie Pinson

President
Gilbert Tweed International
New York, NY

Jeff Wharton

President, IMPulse NC LLC
Mount Olive, NC

Other Industry Experts

Alex Bond

Director
Eno Center for Transportation
Washington, DC

Christopher P. Boylan

Director
Governmental and Strategic Partnerships
General Contractors Association of NY, Inc.
New York, NY

Bill George

Chief Executive Officer
Kansas City Transportation Group
Kansas City, MO

Juan Gomez

Director of Policy
Toronto Region Board of Trade
Toronto, ON

Don Keuth

President, Phoenix Community Alliance
Chief Executive Officer, Discovery Triangle
Development Corporation
Phoenix, AZ

Michael P. Melaniphy

President and Chief Executive Officer
American Public Transportation Association
Washington, DC

Bill Millar

Former Transit CEO / Past President (Retired)
American Public Transportation Association
Washington, DC

Andrea Ostrodka

Manager of Strategic planning
Central Florida Regional Transportation Authority
Orlando, FL

Roger Snoble

Former Transit CEO
Palm Springs, CA

Michael Stevenson

Associate Contract Administrator – Shuttles
San Mateo County Transit District
San Mateo, CA

B Appendix B

Survey Instrument

TRANSIT AGENCY CEO/GM

1. As CEO, what are your goals for your Agency? How do these goals align with the goals of your policy board?

2. Are there any strategic relationships or partnerships you view as integral to achieving your agency strategic goals/initiatives? What are your goals in building collaborative transit-related partnerships?

3. Are there any non-traditional/unusual/unique partners you currently work with that you think are critical for the future success of your system?

Yes No (skip to question 4 below)

a) Who are these non-traditional/unusual/unique partners? _____

b) How did those partnerships initiate? _____

They contacted us We contacted them

Please elaborate: _____

c) How did you cultivate those relationships?

Through regular, formalized individual meetings with the partners

By integrating partner reps into our committees

By forming an integrated committee of partner and agency reps

Other: _____

Please elaborate: _____

d) How have those relationships been beneficial to transit?
(e.g., ridership, revenue, legislation, etc.)

e) How have those relationships benefitted the partner?
(e.g., marketing, community connections, profits. . . .)

4. Do you see (other) potential relationships that could help foster the growth of transit in the region?
 Yes No (skip to question 5 below)
- a) Have those been pursued?
 Yes No
- i) If yes, why have those efforts not yet come to fruition? _____
- ii) If no, what obstacles have kept you from their pursuit? _____
5. What groups/ businesses / interests do you see as a challenge or competition to achieving the goals of your agency? _____
- a) Have you tried to develop partnerships with those groups/businesses/interests?
 Yes No
- i) If yes, have they been successful and do they benefit both the transit agency and the other group? _____
- ii) If no, why not? Do you see an opportunity for partnerships with your perceived conflicting interest groups or businesses? _____
6. Even if you don't have "official" partnerships, have you built relationships or coalitions with other regional/national leaders?
 Yes No
- a) If so, how have you done so, and has it been worthwhile? _____
- b) If not, is this something that could be beneficial? What obstacles have kept you from their pursuit? _____
- c) Overall, how important are these relationships and/or partnerships to achievement of your agency goals? _____
7. In terms of priority, where would you rank building successful partnerships in terms of your responsibilities as CEO/GM? _____
8. How much of your time is dedicated to building these partnerships? _____
- a) Ideally, how much time do you wish you could spend cultivating these partnerships?

9. Given the vast number of opportunities (and limited time) for outreach by a CEO, how do you avoid spreading yourself too thin? _____
- a) What process(es) do you employ to determine priorities? _____
- b) How do you focus your time to assure you get the most bang for your buck on external relationship issues, etc.? _____

TRANSIT RELATED (APTA, etc.)

1. Based on your experience, what have been the most valuable partnerships for transit agencies? _____
 - a) (IF APPLICABLE) On a national level, what have been some important partnerships you have seen? _____

2. Now, focusing on non-traditional/unusual/unique partners...have you seen any such partnerships of particular value? Any of which did not work out as anticipated?

3. Which groups/businesses/industries do you see as a challenge or competition to advancing the goals of the mass transportation industry? How can these groups be turned into partners, rather than competitors? Have you seen this happen?

4. What do you see as the major challenges facing the mass transportation industry in the future?

5. Given those challenges how important will collaboration/partnerships/relationships be for the future of transit? What unique/non-traditional partnerships will be important for transit agencies to cultivate? How should the efforts to cultivate those partnerships be prioritized?

NON-TRANSIT RELATED (Non-Profits, Chambers of Commerce, etc.)

1. Do you have relationships with transit agencies within your region or the transit industry as a whole? Why or why not? _____

a) If yes, how important are these relationships/partnerships in advancing your overall goals for your company/department/etc.? _____

b) If no, do you see an opportunity for transit to work collaboratively with your group in a mutually beneficial manner? Why or why not? _____

2. If transit agencies wanted to partner up with you, what would be the best approach?

3. What is your general impression of public transit? _____

4. From an outside perspective, what do you see as major challenges for the transit industry going forward?

How can your agency help with this? (Or, how have you helped?)

5. Outside of transit, do you have relationships/partnerships interest groups or businesses with competing goals, or with agencies that might be considered non-traditional in your business? _____

a) Please describe the outcomes of these relationships/partnerships.
