Implementation of PPPs for Transit

PPPs & State of Good Repair

May 19, 2009

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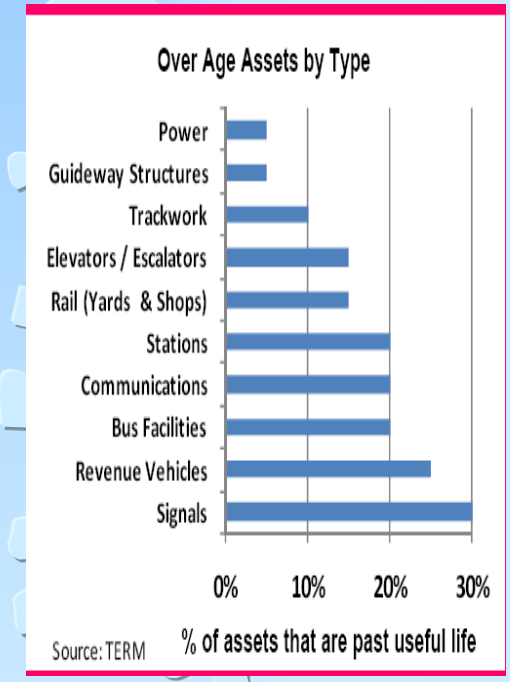
Why SGR is So Important



- ***GOOD NEWS:*** Transit Ridership at Highest Levels in 50 Years
- **BAD NEWS:** Increasing Operating Costs Combined With Declining Revenues
- **GOOD NEWS:** More Funds Coming Available for Transit Investments
- **BAD NEWS:** Increases in Assets Put More Pressure on Maintenance
- 25% of US Transit Assets Need Replacement or Rehabilitation - $50-80 Billion Backlog
- **$11 Billion Needed Annually for 20 Years to Achieve SGR**

PPP Options

Public funds
Direct

DBB
Design-Bid-Build

DB
Design-Build

CM
Construction Management

FT
Fast Track

O&M
Service Contract

DBO
Design-Build-Operate

DBOM Design-Build-Operate-Maintain

DBFO Design-Build-Finance-Operate (Maintain) – ***Availability Payment***

Public responsibility

Private responsibility

Segmented delivery method

Limited to some high-tech components

DBFO Design-Build-Finance-Operate (Maintain) – ***User Fees***

BOO (Privatization) Build-Own-Operate

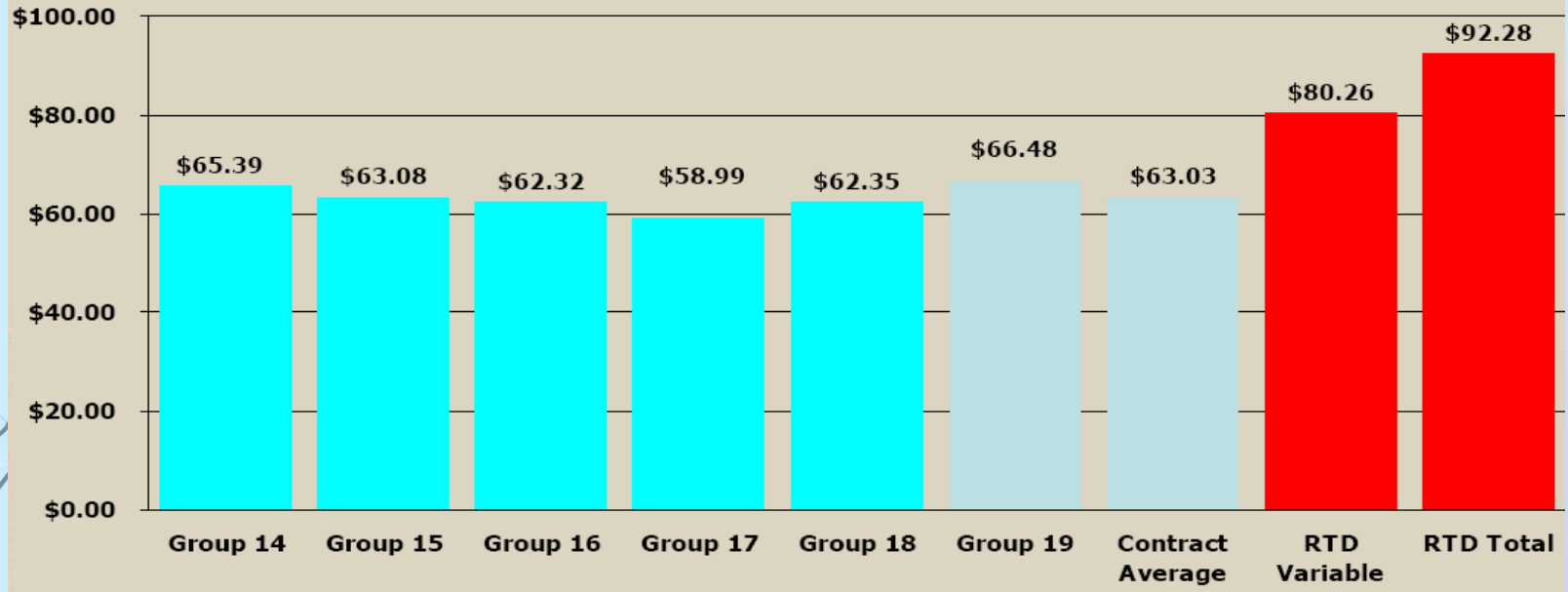
Combined delivery method

Private funds
Indirect

How PPPs Can Deliver SGR

- Increasing Efficiencies
- Foregone Costs
- Increased Customer Service
- Risk Transfer
- Increased Lifespan From Bundling, Design, Construction & Long-term Maintenance
- Improved Asset Management Strategies and Systems
- Funding Sources For Maintenance And Repair

RTD: Efficiency & Flexibility From Outsourcing



1. Private contractors pay fuel tax, sales tax, property tax, and vehicle registration fees which RTD does not pay.
2. All RTD costs are unaudited estimates based on 2006 actual costs.
3. RTD total costs include all variable costs, fixed costs, and depreciation on operating facilities and support equipment.
4. RTD has statutory limitation on insurance liability. Private carriers do not have statutory limitation on insurance liability.

Phoenix Valley Metro: New Service Delivery

- METRO is "Brand" for Valley Metro Rail, Inc
  - 20-mile LRT in Phoenix, Tempe & Mesa, Operations 2008
  - Transit O&M in Phoenix area traditionally outsourced
  - Privately Contracted Vehicle O&M Supports SGR
    - Provided 100% start-up + experienced staff
    - Performance Criteria: on time, miles between failures, availability of vehicles, PM schedules, control OT, safety, customer satisfaction
      - Liquidated Damages

LA Metro: CNG Fueling

- Los Angeles Metropolitan Transportation Authority solicited PPP proposals – received two on CNG
- Restarted process with full technical specifications and commercial structure suited to CNG industry
- Trillium: Contract to build the CNG Facilities and 10 year contract to compress natural gas
- Result: CNG fueling facilities exceeded expectations and turned over to Metro for $1 at end of agreement

Benefits:

- **Increase fueling capacity**
- **Minimize future capital outlays for facilities**
- **Reduce design-construction cycle allowing staff to concentrate on core business objectives,**
- **Reduce O&M costs**
- **Increase cost predictability**

RTD: Cost Avoidance
Church Ranch Blvd & Dry Creek

- Agreement with Splitz Bowling Alley
- Expanded Capacity 25% Without Capital Cost
- Approximately 400 spaces

- Dense Development Difficult for Surface Lot
- Joint Use of Adjacent Parking Structure – 235 spaces

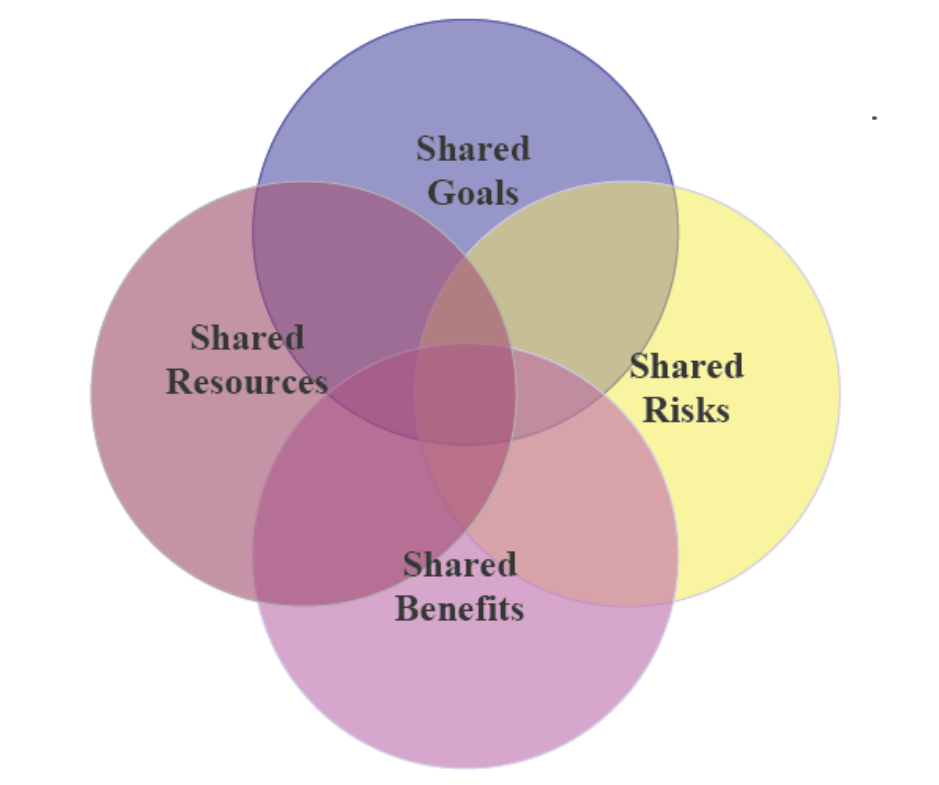
Facility Refurbishing/Improved Customer Environment: LA Metro Gold Line

- 2 Parcels 3.56 acres separated by Gold Line Row
- Development: 347 Apartments, 11K Retail
- Refurbished Train Depot
- Public Plaza Connected Train to Station
- 600 Parking Spaces

Additional Annual Funding Source: Miami Dade TOD

- **2,344,000** sq. ft. of Office Space
- **403,100** sq. ft. of Retail Space
- **570** dwelling units (158 market rate and 412 affordable housing)
- **4,646** parking spaces (garage and surface)
- **305** hotel rooms
- **Annual Revenue in excess of $ 2,000,000**

PPPs & SGR



- The Possibilities Cover a Wide Range That Can Create SGR Benefits
- The Key is Looking for Opportunities that Create True Value for Transit Agencies