



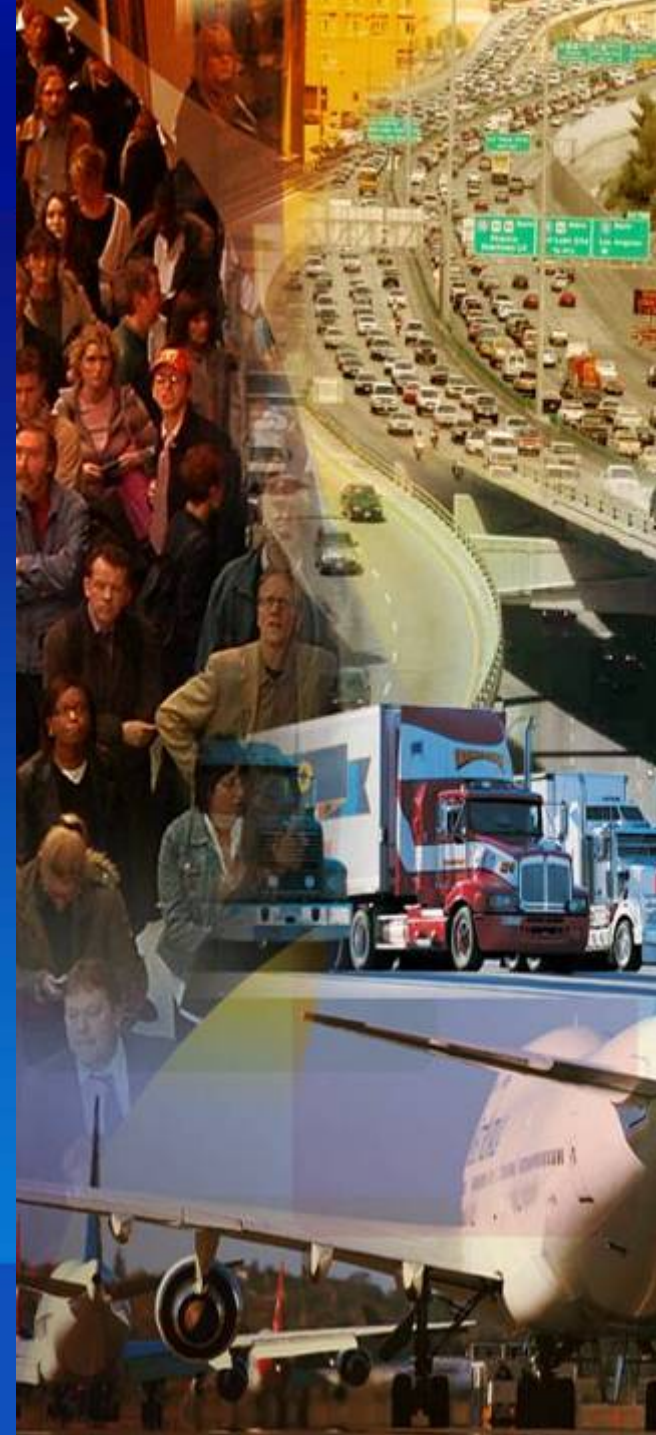
U.S. Department of
Transportation

PPPs in Transit

The Inaugural William O. Lipinski Symposium on
Transportation Policy

October 15, 2007

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PPPs in Transit: The Concept



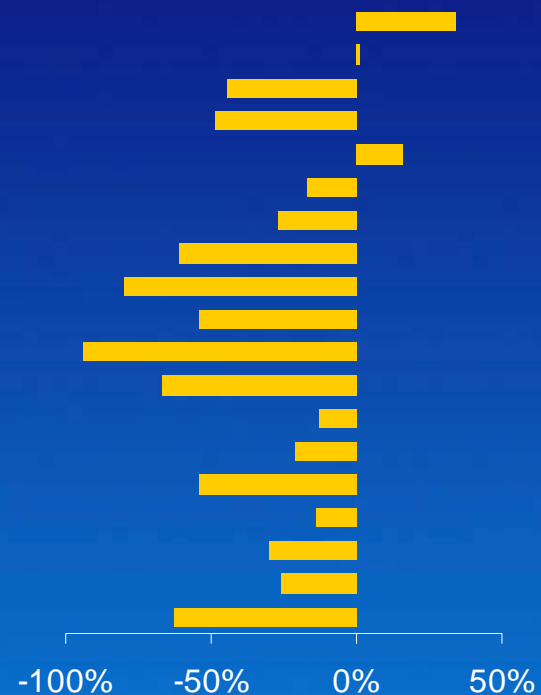
- Key elements
 - Form of procurement for new transit capacity
 - Private entity granted significant responsibility (and liability)
 - Private entity assumes risk (in some form) ...
 - ...but gains opportunity for commensurate financial returns
 - Best value vs. lowest reasonable cost
- Premise
 - Discipline of the private sector's requirement for financial return will reduce costs of delivery and operation below current levels
- The opportunity: subsidy minimization



PPPs in Transit: Challenges of the Status Quo

- Inaccurate performance forecasts (“moral hazard”)
- Constraints on public funding (programmatic misallocations)
- Rising construction costs
- Growing operating deficits
- Limitations of current procurement law

Accuracy of performance forecasting for 19 Federal New Starts transit projects



Actual minus predicted ridership
(at time of build decision)



PPPs in Transit: The Benefits

- Improvement in forecasting of ridership and cost (capital and operating)
- Faster project delivery
- Subsidy minimization
- Accountability

