

SFRTA: A Successful Public-Private Partnership

Robert L. Peskin
AECOM



Topics

1. What was AECOM asked to do?
2. Discussion of public-private partnerships (P3s) in transportation
3. SFRTA budget analysis

What Was AECOM Asked To Do?

- AECOM was asked to analyze SFRTA's FY12 operating budget and determine the total cost of Tri-Rail operations, including contract oversight and other indirect costs
- SFRTA is a complex agency:
 - Supports activities in addition to Tri-Rail
 - Delivers its services through a mix of private sector contracts and public sector employees

Context of AECOM Work for SFRTA

- Provided financial analysis and strategic planning to SFRTA for many years
- Supported many other planning and transportation agencies in the region:
 - Broward MPO
 - Miami-Dade Transit
 - Miami-Dade MPO
 - FDOT District 4

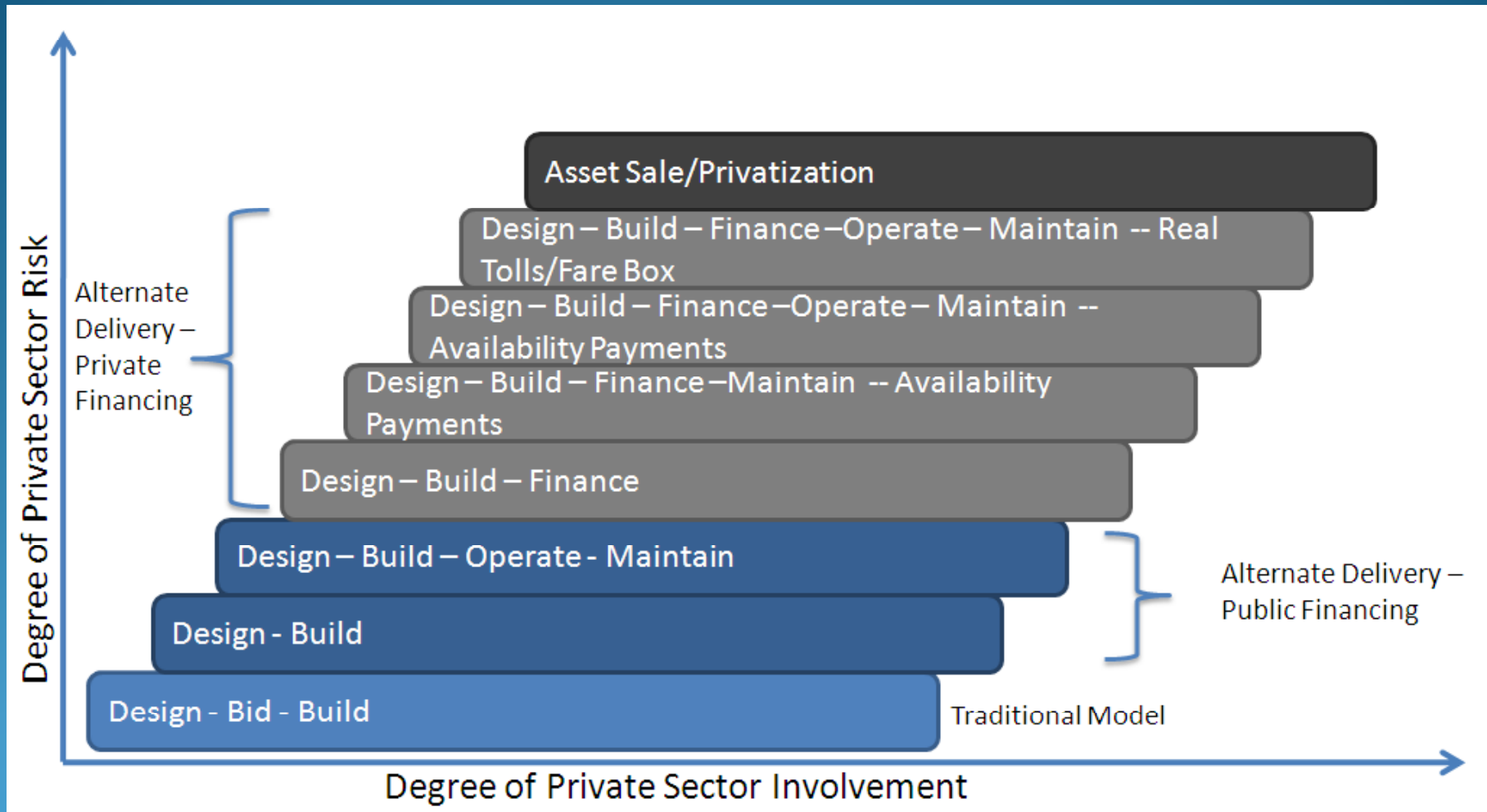
Public-Private Partnerships (P3s)

- Levels of private sector involvement
- Funding vs. financing
- Common P3 concerns

Private Sector Roles in Transit

- Operations
 - Competitive contracting of bus service is relatively common for smaller systems
 - Fixed guideway transit (light rail, commuter rail, heavy rail) generally requires more public oversight and policy-making
- Project delivery
 - Design-build and DBOM are increasingly utilized for new fixed guideway services
- Public subsidies still required

Project Delivery Options



Funding vs. Financing

- Must distinguish between *funding* and *financing*
- If facility or service will be revenue positive, then private sector may provide net new *funding* and take revenue risk
 - Toll roads with projected traffic growth and private sector control of toll rates
- If facility or service will not produce net revenue, then private sector may provide *financing*, but public subsidies will still be required
 - Local example: Port of Miami Tunnel

Common P3 Concerns

- No “free money” – must provide return to private investors above operating costs
- Length of P3 agreements:
 - Loss of control of public asset (including level of fares/tolls)
 - Commitment to provide subsidy even if situation changes
- Restriction on ability to create or support “competing” services in the future
- “Value capture” funding can take many years to mature, with substantial risk

AECOM Analysis

- Worked with SFRTA finance staff to identify and allocate direct and indirect expenses across SFRTA's primary operating areas:
 - Rail operations
 - Bus operations
 - New River Bridge
 - Planning
 - Regional administration
- Allocated to the above functions:
 - Hours worked by each RTA staff member (e.g., Budget and Grants Manager)
 - Support services purchased (e.g., Security, Marketing)

SFRTA Operations

Total agency operating budget is approximately \$67 million for FY12:

- Rail operations: \$54 million*
- Bus operations: \$ 7 million
- New River Bridge: \$ 3 million
- Planning: \$ 3 million
- Regional admin: < \$500,000

*Approximately \$44 million is competitively procured, 3rd party private sector contracts

What's In the Rail Operations Budget?

- \$54 million rail operating budget includes:
 - Third party, private sector contracts: \$44 million
(train operations and maintenance, fuel, station maintenance, etc.)
 - Direct personnel: \$4 million
(station agents, customer service, operations manager, etc.)
 - Direct train expenses: \$1 million
(utilities, revenue collection, message boards, etc.)
 - Indirect personnel, G&A: \$5 million
(human resources, IT, legal, training, rent, etc.)
- \$0.91 of every dollar is spent on third-party contracts and direct personnel and expenses

Does This Structure Make Sense?

- SFRTA performs vital functions:
 - Public governing board: makes policy decisions
 - Public sector staff: oversees competitive private sector contract
- Private Contractors provide essential services:
 - Train maintenance
 - Train operations
 - Train Fuel
 - Station Maintenance
 - Security
 - Bus Feeder
 - Marketing
 - NRB Dispatching

Why This Structure Makes Sense

- Approach taken by all “new” commuter rail systems across the country for delivering service
 - Metrolink (Los Angeles & Orange Counties, CA)
 - Virginia Railway Express (to Washington, DC)
 - Trinity Railway Express (Ft. Worth-Dallas, TX)
 - Altamont Commuter Express (San Jose, CA)