Implementation of PPPs for Transit

PPPs & State of Good Repair

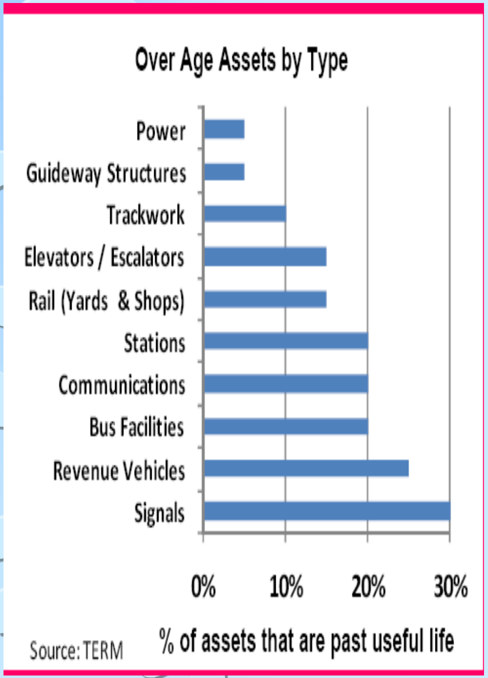
May 19, 2009

Pamela Bailey-Campbell

Senior Vice-President

Parsons Brinckerhoff

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

Segmented delivery method

Private responsibility

Combined delivery method

Limited to some high-tech components

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

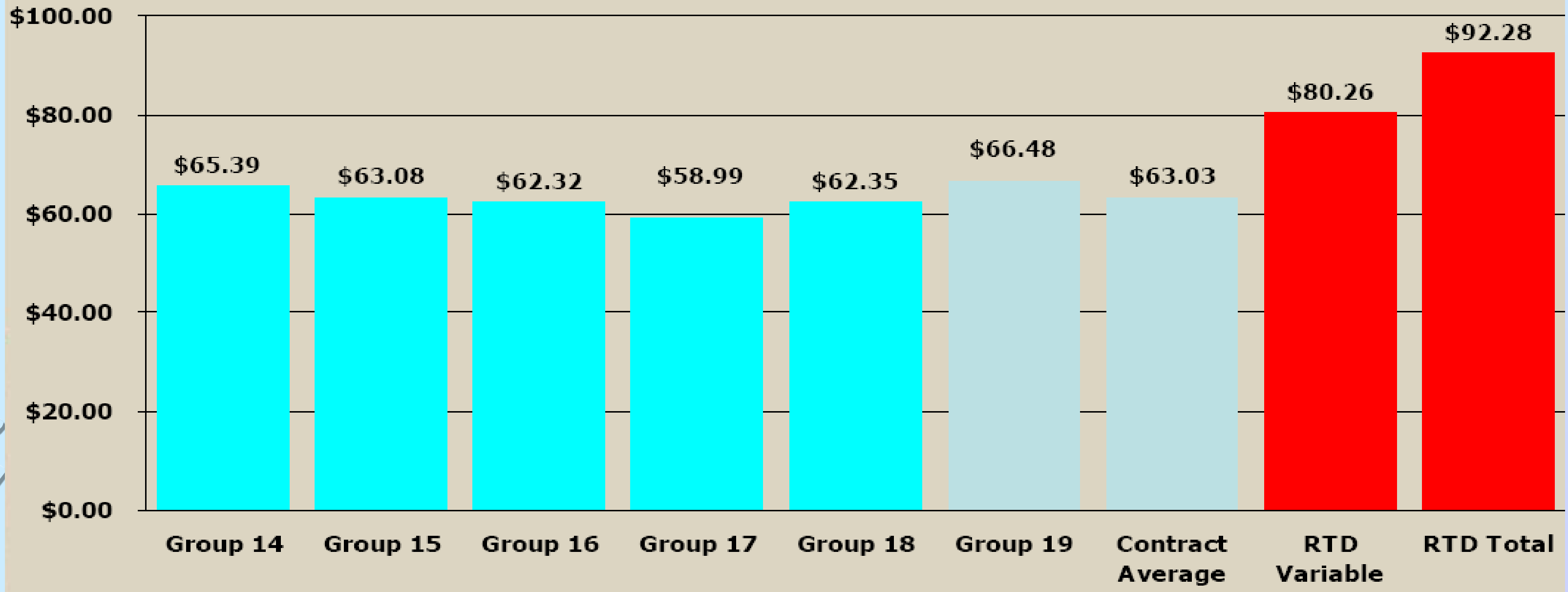
BOO (Privatization) Build-Own-Operate

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

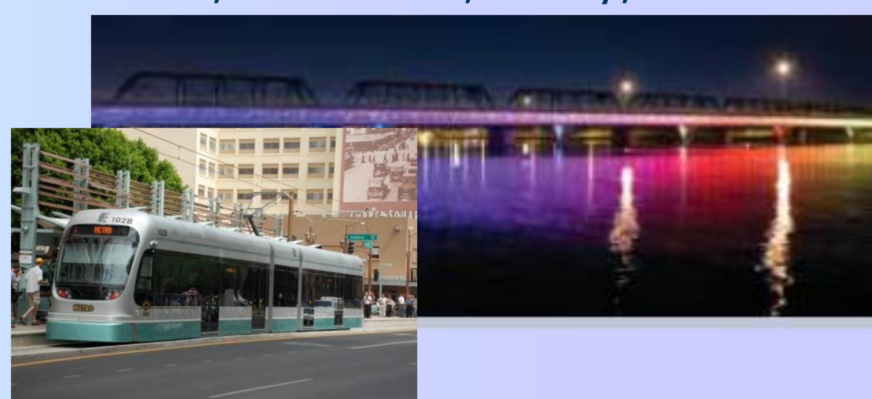
RTD: Efficiency & Flexibility From Outsourcing



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

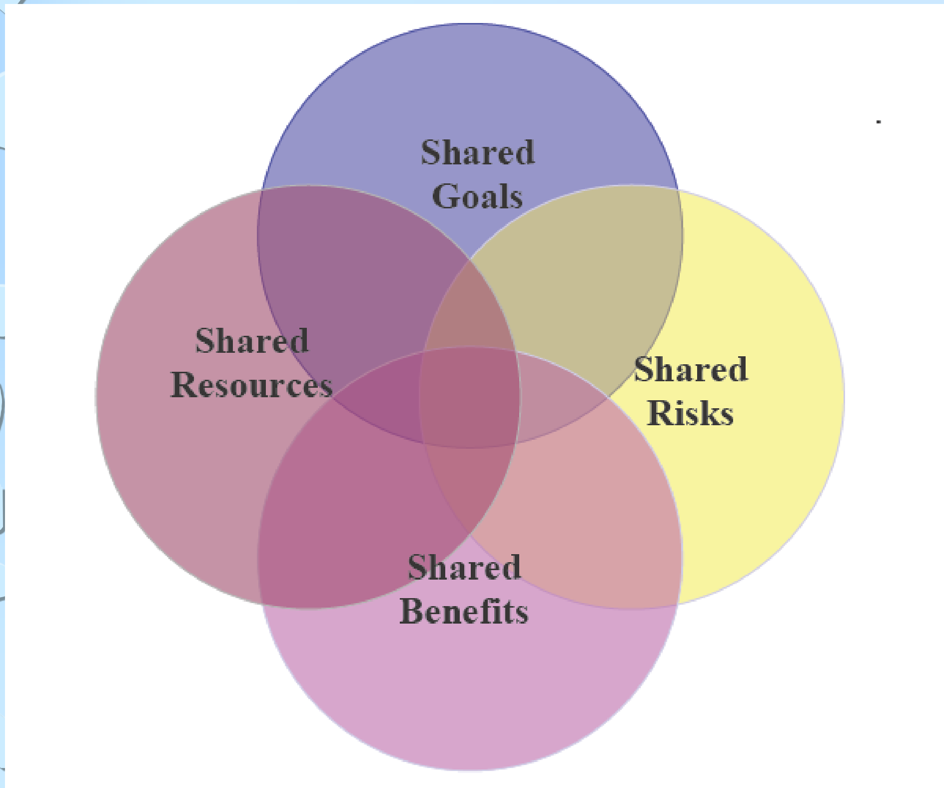
Facility Refurbishing/Improved Customer Environment: LA Metro Gold Line

- 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