Ms. Sherry Little, Spartan Solutions, Former Acting Administrator FTA

Prepared Remarks

- I am delighted to be here with you today. I'm grateful for the opportunity and am pleased to join such a distinguished group of professionals. We owe thanks to the Japanese International Transport Institute for assembling an engaging group of business leaders and transportation "thinkers" like Clifford Winston from the Brookings Institute. I've followed your work for years and am pleased to share the stage with you. Also, I'm delighted to have the opportunity to hear about the transit system that is the envy of the world, the Tokyo Metro. I regret that as Administrator I didn't get the opportunity to come and tour your system. I feel we have much we can learn from each other.

- I wish to extend a warm welcome to the participants at this event today. Congratulations for making the time in the midst of a what in DC we call a snow storm, but in other parts north of here call an "average day" in the Winter season. It will be worth your time because what you are hearing about today is the next WAVE in transportation financing, infrastructure and development across the US. I truly believe that and have evidence to prove it.

  First, a little about my background. As mentioned, I have just completed my tenure in one of the most fun jobs in government: running the Federal Transit Administration. I ran the day-to-day operations for our agency of 515 people and $10 billion. The FTA has one of the largest DISCRETIONARY budgets in the US Government, outside of the Department of Defense. We had the opportunity to do some amazing things and initiate some very novel concepts and spread them through the industry. The most notable being the topic that I'm here to talk about here today – Public Private Partnerships.

  So important and timely is this issue that upon my departure from FTA, I founded a new company called Spartan Solutions to focus on this issue. Let me tell you why, after 15 years in government, I chose to hang my shingle with former Administrator Jim Simpson and World-Class engineer and project manager, Mysore Nagaraja. This is an issue whose time has come.

  Many of you have a wealth of experience in this arena – I'm particularly interested in hearing about what's gone on in Chicago and seeing what we can glean from the forward thinking professionals from Japan. But in the meantime, I'd like to give you some background on PPPs in the US over the course of the past couple of years – and in particular, tell you about the observations I've had in the US Congress and in the Administration.

  I am fond of pointing out a few statistics that always stagger. There is $400 BILLION available world-wide for investment in US Infrastructure. And this staggering statistic comes at a time when it is sorely needed. This shouldn't be a news flash to anyone who is really following infrastructure financing in this country. Our system is in crisis and we are at a crossroads. The existing funding construct is unsustainable and falls short of what we need. The existing highway trust fund and the mass transit account of the trust fund is funded through the federal gas tax. For every gallon of gas that you put in your vehicle, the federal government takes 18.4 cents of that to fund surface transportation projects throughout the country. It's a good idea because it is essentially a "user fee". It's a bad idea in this current day and age and here's why: there is a big new focus in our world on greening our environment. We want people to leave their cars at home and take public transportation. If they can't – or won't – we want them to drive more fuel efficient vehicles. But each time the public makes this desirable decision, they reduce the resources available to fund and advance public transportation. And this has come home to roost. There is a hole in the highway trust fund. That means that funds available to fund transportation – and that State DOTs were planning on having access to – were not available, because this fund – this unsustainable fund generated much less than expected. So…..in steps in the private sector !

Back in 1999, when I first started on the US Senate Banking Committee, the congressional committee with the responsibility for the oversight and funding for US transit infrastructure, nobody was talking about PPPs. No one. Although there was a fair amount of "contracting out" in the industry – especially for the provision of "paratransit" service (the service provided by transit agencies to serve the elderly and disabled that are unable to take advantage of mainstream transit service). But in terms of the US transit industry SEEKING the input, resources, and and project management expertise of the private sector, it just wasn't happening.

So, I embarked on a mission. The perfect opportunity presented itself with the reauthorization of the Nation's surface transportation program (SAFETEA). It was signed into law in August of 2005, but with all major (and expensive) pieces of legislation, it was a long time in the making. And over the course of the three years that the US Congress drafted and negotiated that bill, I worked closely with private industry and my colleagues in the House to come up with legislative provisions in support of private industry's participation in public transportation. We created the Public Private Partnership Pilot Program for use in the industry. It was our way of doing two important things: 1) showing the industry and State DOTs that PPPs are a concept that is sanctioned and even encouraged, (where appropriate) to address America's growing infrastructure financing challenges and 2) to demonstrate the benefits – and potential drawbacks – for these types of arrangements in all forms. I believed then….and believe even more NOW, as a result of travels around the globe, whether it be India, France, South America, or Africa, that there is a real place for a PARTNERSHIP between the public and private sectors.

So….let me share with you what we've learned. And I think I can consolidate our – or at least my – thoughts into three separate points.

1) We've learned through the implementation of this PPP Pilot Program is that it doesn't work everywhere. Some transportation visions are more conducive to utilization of the private sector than others. Some communities will be slow to embrace the concept and some operators or private equity managers will just not find some projects attractive.

2) Some of the impediments that exist exist because we need to find the right balance between transferring risks between the public and private partners and need to recognize that the motivations for both the public and private sectors are different, but each are no less valid than the other. The public entities are accountable to the taxpayers and want to produce a good product. The private sector is motivated by profit, but also wants to produce a good product….success in the marketplace is good for business.
3) Finally, there are TWO issues that are of paramount importance in the US infrastructure debate…and they are linked. State of Good Repair and PPPs and real opportunity exists there. We must look no further than the I-35W bridge collapse in Minneapolis in the summer of 2007. The life-cycle of US transportation assets is approximately 30 years. Back 30 years ago, our country made some major investments – realizing of course that transportation is the cornerstone of our economy – that getting goods to market and people to jobs is what will advance us and advance our economic stability. Now those assets are due to be rebuilt and reconstructed. The private sector is the key to that. And they must step up at the time when the source of revenue has shrunk, is unsustainable, and there is a greater emphasis than ever on green technology. They have the know-how, the resources, and the expertise to do the job. And the US government…and those that lead it, must be open to that idea !