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Contact: Bonnie B. Whyte
Tel.: (202) 426-4043

PRIVATE SECTOR PARTICIPATION BENEFITS DISCRETIONARY GRANT APPLICATIONS

Urban Mass Transportation Administrator Ralph L. Stanley today announced that priority consideration will be given to discretionary grant applications from public transit operators who demonstrate their commitment to competitive bidding and private sector involvement. The announcement was made in a letter sent to all Urban Mass Transportation Administration (UMTA) grantees.

"The Reagan Administration wants transit systems to make greater use of the private sector. Studies have shown that savings of 20 to 60 percent can be made by contracting out services to the private sector. Those grantees should benefit from their ability to make limited resources go further by reducing operating costs. It makes good business sense to stretch every formula and discretionary dollar," said Stanley.

Documentation of a grantee's efforts in working with the private sector will be evaluated in considering grant applications for major capital projects that are funded from the Mass Transit account of the Highway Trust Fund. Applications which include private sector participation will receive special consideration.

Stanley said that UMTA will also waive the 20 percent local matching share for grantees who study private sector involvement in mass transit under the agency's separate planning and technical studies program. UMTA will also issue further guidance to promote more private sector involvement in the small urban and rural programs.

In October, 1984, UMTA issued a policy to encourage private sector participation in the planning process for new and expanded bus service.

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**Urban Mass
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