SECRETARY OF TRANSPORTATION
Ray LaHood frequently voices the Obama administration’s opposition to raising fuel taxes, and instead indicates a preference for tolls or public-private-partnerships to fund infrastructure. But such partnerships, known as P3s, come with heavy baggage: They’re often fraught with problems that can bring about their failure.

Moreover, puzzling examples exist of highly successful P3s within the Department of Transportation being inexplicably brought to closure. For examples, we need look no further than the Maritime Administration.

Only recently, Marad moved to close one of its most highly regarded P3s. While LaHood was busy extolling the virtues of a commuter rail P3 in Denver, orders were being issued to close the Global Maritime and Transportation School located at the U.S. Merchant Marine Academy. The announcement cited “specific recommendations from the GAO,” but these “specific recommendations” have yet to be made public for verification.

GMATS was created (under a different name) in 1981 to provide continuing education for the maritime industry. The use of USMMA facilities was a win-win solution in which equipment and classrooms that otherwise would have been idle could be utilized. To more effectively access the private sector, an advisory committee was established in 1998. (Disclaimer: I have served on this committee for more than 10 years.)

As a P3, GMATS was wildly successful. Starting with maritime engineering, GMATS became a leading educational option for the public and private sectors worldwide in domains as diverse as insurance, finance and security. When Marad and Congress reduced funding to the academy, GMATS helped offset financial shortfalls. Although that was the basis of a 2009 GAO audit, these accounting issues reportedly had been resolved, and GMATS was expected to become an arms-length 501(c)(3) no later than June 30, 2012.

The questions that come to mind include:

● Why would Marad want to destroy a profitable world-class entity?
● Does the DOT plan to seize the millions of dollars GMATS has earned as a private entity?
● Will the DOT honor its apparent commitment to allow GMATS to convert to 501(c)(3) status?
● Is the action against GMATS a precursor to a possible elimination of the U.S. Merchant Marine Academy?
● Are the rumored “Penn State” problems at Kings Point related to Marad’s sudden hardline against the academy?

Another Marad P3 gone south is the Maritime Transportation System’s National Advisory Council. This P3 was created in the late 1990s as part of the ill-fated SEA-21 initiative. By 2005, most of the members had changed. The MTSNAC had been previously populated with industry “chiefs” bent on resolving long-standing industry issues. Its new chairman, John Gaughan, a former Marad administrator, challenged the group to move beyond circular discourse and debate.

Although the group represented many traditional adversaries — labor and management, for example — the results from cooperation were impressive:

● An intermodal white paper refuted the orthodoxy that MTS’s focus should end at the water’s edge. The “port” that handled the most containers was the transcontinental rail crossroads of Chicago, for example.

● An educational briefing was created to explain the MTS’s key role in the global supply chain — why was the MTS important to everyone, not just maritime professionals?
● A task force developed a working model of intermodal performance metrics.

While all of these products appeared to be prepared by renown — and paid — consultants, they were done entirely by volunteers, and without any Marad assistance. This was a significant private sector contribution. (Disclaimer: I served on the MTSNAC for five years.)

Then-Marad Administrator Sean Connaughton welcomed the group’s efforts, and challenged it to do more. This spirit did not survive the 2008 election — and Connaughton’s departure. When the opportunity came to replace the group, Marad didn’t hesitate: Not a single member was reappointed.

Most MTSNAC members weren’t surprised. When this P3 began to think for itself and challenge Marad doctrine — for example, the marine highway plan as espoused by Marad, it said, was poorly designed and intellectually dishonest — Marad staff repeatedly struck back in petty bureaucratic fashion. Meetings that had been funded went unscheduled for upward of two years.

LaHood, for all his promotion of P3s, is sending a mixed message. In both these Marad examples, process transparency was lacking and private sector sensibilities were violated. If the DOT doesn’t value private sector time and sweat equity, why should the public believe it would treat financial investments any better? We have seen successful P3s squandered unnecessarily. What will be different in the future?

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