



ATKINS

Public-Private Partnerships (P3s) — The International Experience

Jon McDonald & Jon Tindall

Plan Design Enable

Agenda

- What is P3?
- Making the Case
- Key Considerations
 - Maintaining State of Good Repair
 - Delivery

What is a P3?

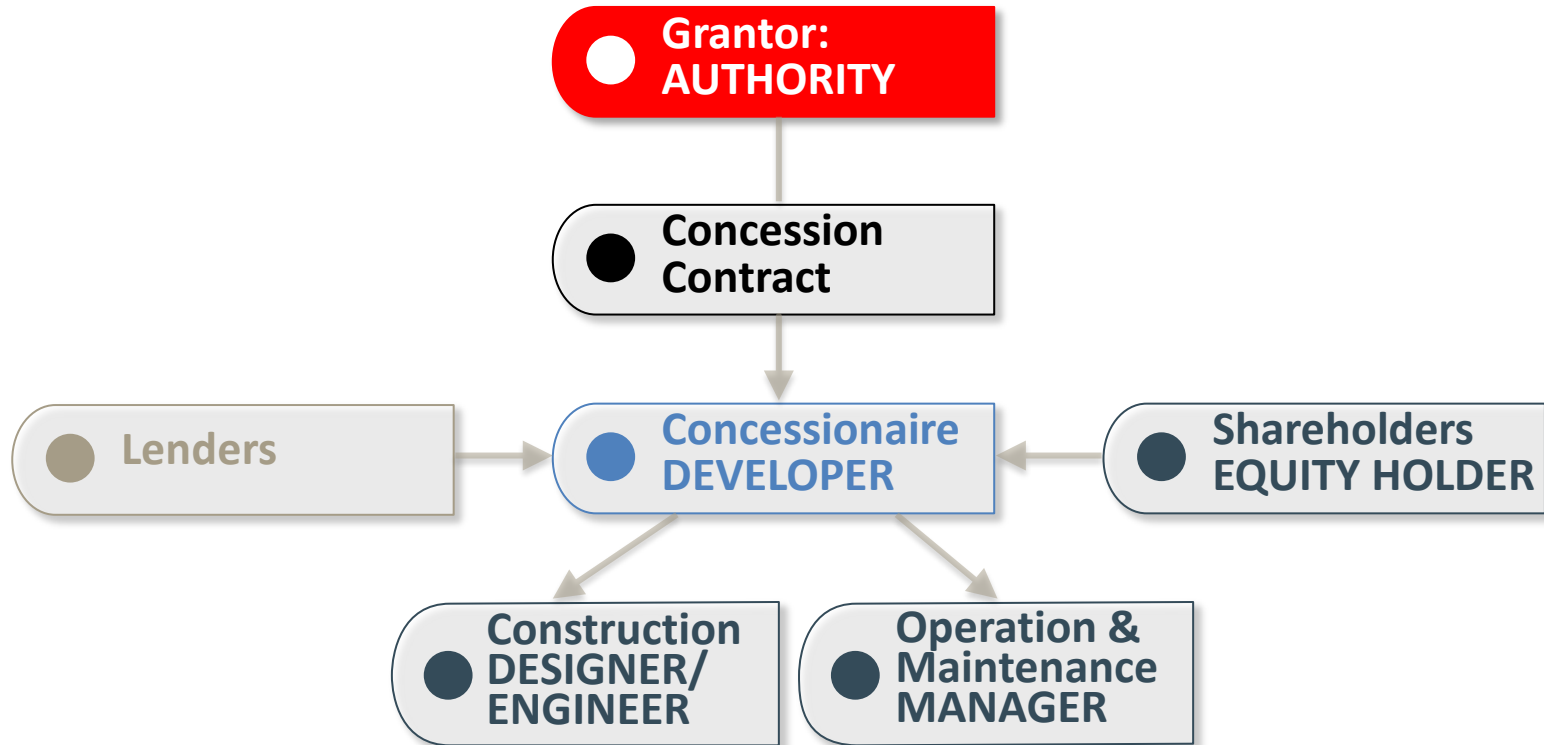
- Jon Tindall

P3 – Public-private partnerships

Public-Private Partnership (P3) is a long-term risk-sharing relationship between the public and private sectors based upon a shared aspiration to bring about a desired policy outcome.

- Risk transfer to private sector
- Long-term concession
- Output specification
- Global

P3 – Typical structure



P3 – Railroad projects

- Expensive to build and operate
- Few railroads are self-financing
- Many stakeholders
- Multidisciplined
- Providing a transport service
- Revenue risk
- Whole-life cycle considerations
- Systems engineering

P3 – Railroad projects

- Docklands Light Railway, UK
- Manchester Metrolink, UK
- London Underground, UK
- Arlandabanan Railway, Sweden
- High Speed Rail, France
- GSM-Radio, France
- Kuwait Metro
- High Speed Rail, Norway
- Thameslink Rolling Stock, UK
- Ottawa LRT, Canada
- Eagle P3 Commuter Rail, Colorado



Making the Case

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Need for Robust Planning

- Key for any railroad/transit project – size of the funding gap
- Financial Advice important BUT not just financial advice on how to bridge the gap
- Technical input to optimise the scheme – holistic approach to scheme planning to minimise costs and maximise revenues
- Detailed Feasibility study to understand costs (CAPEX and OPEX) and revenues
- More certainty around Costs/Revenues – confidence in this can reduce Risk Pricing

Source of Revenues

- Government Subsidy funded by Taxes/Bonds
- Farebox
- Tax on Land Value Increases
- Selling advertising/naming rights
- Transit Oriented Development



Transit Oriented Development

- 'Holy Grail' of Railroad/Transit System planning
- Sell land and development rights around station OR develop and lease
- Use of Railroad to drive planning of Urban Form



Issues around Farebox Revenues

- Public Transport seen as a 'social good'. Often a 'last resort' mode for those without a car
- How does this square with maximising farebox revenues?
- Political issues around ceding control of fares
- Tendency of promoters to over-estimate ridership and revenues
- Lack of Private Sector control over externalities
- Many recent PPP deals do not contain Revenue Risk. Instead payment made on availability basis

Key Considerations

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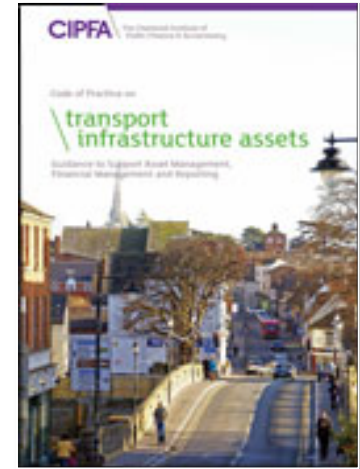
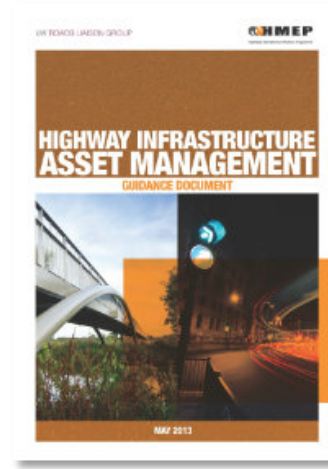
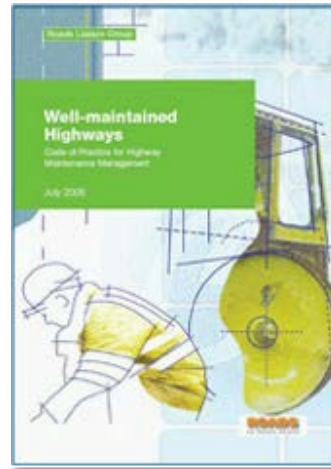
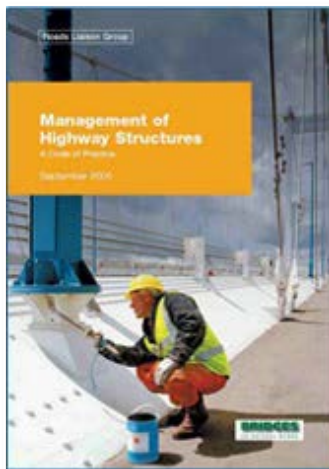
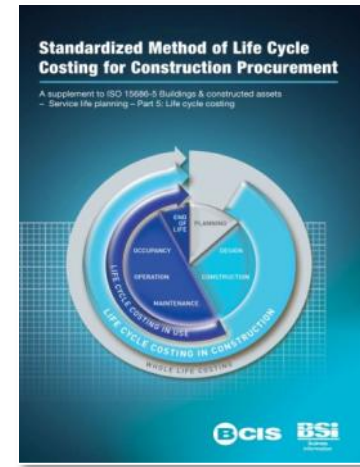
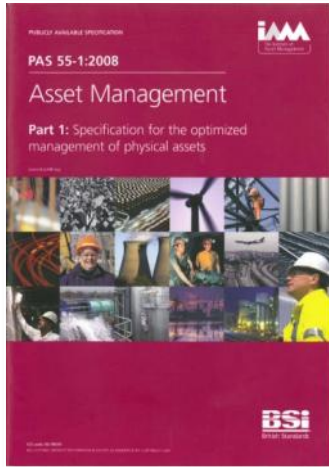


Key asset management considerations for P3s

- For the transit authority:
 - Minimizing long term cost of asset ownership
 - Ensuring assets are not “run down” during the concession period
 - Ensuring value-for-money for passengers while providing a safe, secure, reliable, and sustainable transit service
- For the concessionaire:
 - Minimizing cost of ownership and maximizing ROI
 - Robust estimation of revenue and costs over the concession period
 - Optimizing maintenance and minimizing performance penalties
 - Understanding asset degradation and optimizing asset renewal programs to meet end-of-concession handback requirements
 - Demonstrating stewardship of assets
- Asset management provides a transparent mechanism for achieving a fair and equitable sharing of costs and risks between the client and the concessionaire

Atkins is a thought leader in asset management

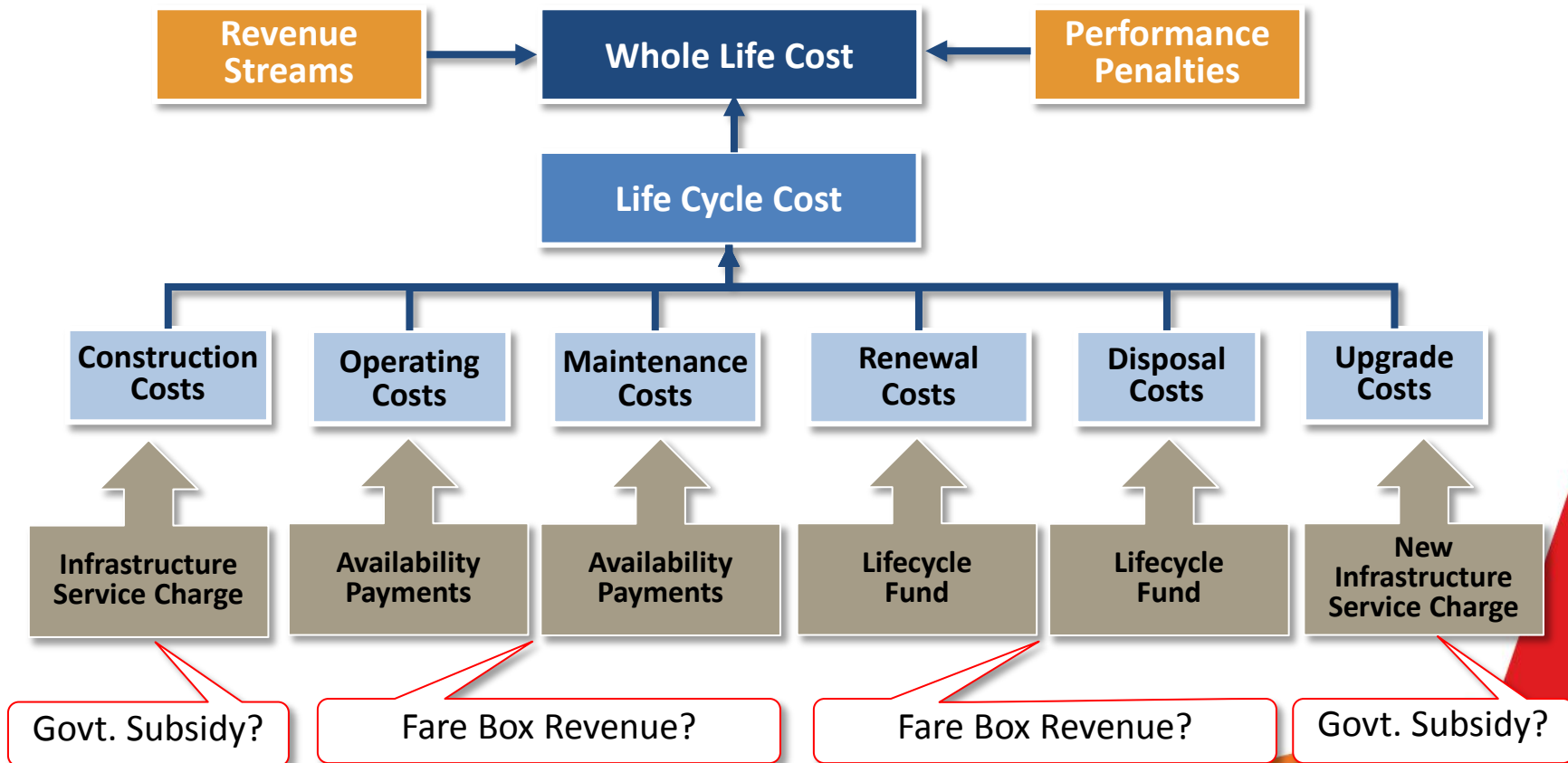
We have led or contributed to the development of the following standards:



It is critical to understand the life-cycle costs and plan for their funding

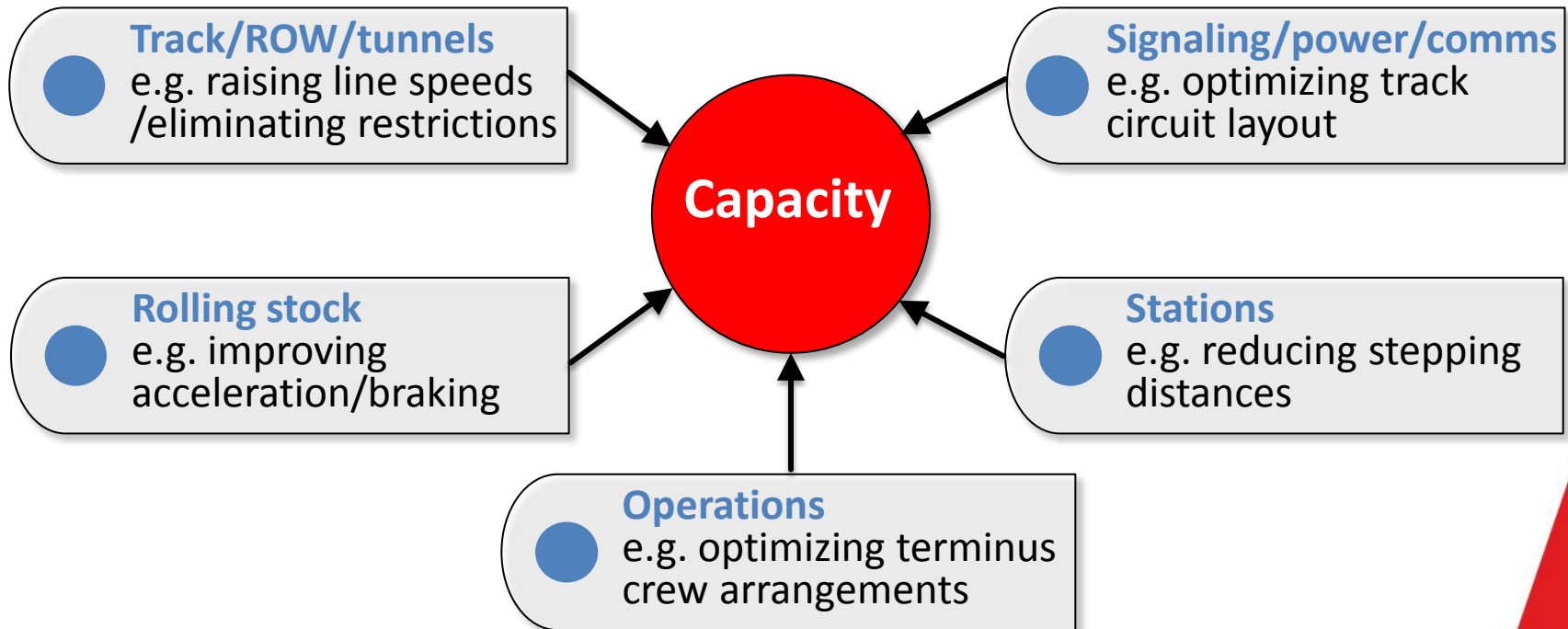
Whole Life Cost [ISO 15686-5: Service Life Planning – Life Cycle Costing]

All significant and relevant initial and future costs and benefits of an asset, throughout its life cycle, while fulfilling the performance requirements



Systems engineering and the PPP requirements

- Multiple reasons for many activities
 - Address capacity, asset condition, and operating costs together
- No single discipline can achieve requirements by itself



SE is the glue that holds all of the other disciplines together.

Lessons learned

- Need Government Commitment
- Strong Leadership Required
- Must involve all Stakeholders
- Appropriate Contract Structure
- Appropriate Payment Mechanism
- Appropriate Risk Transfer
 - Construction , Maintenance and Renewal
 - Operation and Traffic/Revenue
- Encourage innovation/VFM
- Adapt the Model to Suit

