

The concessionaires' perspective

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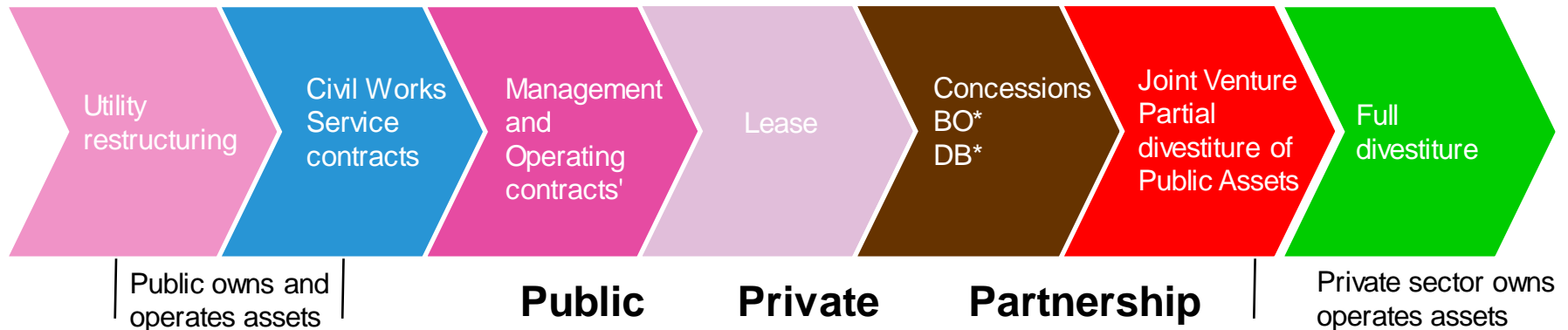
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What is a PPP

- PPP cover a wide range of activities in which the public and private sector “**work together to improve services**”, characteristically a PPP is a local partnership, ideally it should be a voluntary cooperation between autonomous partners to guarantee including the citizens/users voice.
- A public-private partnership (PPP) is any arrangement where a public service is delivered in co-operation with the private sector. Elements can include:
 - Service provision: public or private body
 - Investment provision: capital raised by public or private body
 - Method of payment: how is the service paid for?
 - Regulation: how is the service quality assured
- A PPP exists when **the public joins with the private sector** and service providers in **pursuit of a common goal**. Although each PPP is unique in its membership and structure, all share the following characteristics:
 - Shared goals
 - Each partner contributes time, money, expertise, or other resources
 - Partners work together
 - Decision-making and management responsibilities are shared

What is a PPP, different forms



O&M: Operations and Maintenance

OMM: Operations, Maintenance & Management

DB: Design-Build

DBM: Design-Build-Maintain

DBO: Design-Build-Operate

DBOM: Design-Build-Operate-Maintain

DBFOM: Design-Build-Finance-Operate-Maintain

DBFOMT: Design-Build-Finance-Operate-Maintain-Transfer

BOT: Build-Operate-Transfer

Concessions

BOO: Build-Own-Operate

BOOM: Build-Own-Operate

BBO: Buy-Build-Operate

Turnkey

Case Study: Lima, Peru

BOT

Complete modernization of Public Transport within the city promoted by the World Bank



THE CHALLENGE

- Manage fare collection of the new Bus Rapid Transit line and feeder buses
- Over 300 million trips per year

THE SOLUTION

- Implementation and operation of a turnkey AVL and fare collection system
- Operate and manage the financial and distribution requirements
- Re-organize regular buses lines
- Modernize the bus fleet
- Reduce the pollution by introducing NGV buses
- Decrease the number of buses by thousands
- Build 10 Bus Rapid Transit lines with up-to-date revenue collection and fleet management systems

THE RESULT

- Contract awarded 2009
- Create a Special purpose Operating company in Lima
- 12 months Implementation, operate for 14 years

Case Study: Indianapolis

Concession

Concession to modernize the parking infrastructure, opportunity to manage the system, share revenue over 50 years



THE CHALLENGE

- Legacy meters were antiquated and at the end of their useful life
- Meters only accepted coins, needed manual updates, many were missing, rusted, broken
- Low system operability
- Broken meters would remain broken for days
- Rates had not increased in more than 30 years.

THE SOLUTION

- Create a company for updating, maintaining metered parking assets. collection of parking meters fees, residential permits, and violations, maintenance, parking enforcement.
- Upfront \$20 million payment by XEROX
- Payment of tiered revenue share over 50 years
- 50 year term concession with options to terminate for convenience ever 10 years for an amount less than the upfront payment should the City believe the contract is no longer in its best interests

THE RESULT

- No cost for the City in operating the system
- Modern infrastructure
- In 2010: 89.000 US \$
- In 2011; 1.100.000 US \$ (1135% net increase!)

Case Study: Riga, Latvia

BOT

Build-Operate-Transfer (BOT) structure to after installation agency option turned the contract into a business process outsourcing (BPO) concession.



THE CHALLENGE

- Riga was losing fares due to antiquated technology and cash-associated shrinkage
- Not enough staff
- Insufficient budget for tech refresh
- No reliable management information

THE SOLUTION

- Finance the technology build out; operate the revenue collections for Riga transit; transfer it back to the municipality after 13 years.
- Take cash entirely out of the system and replace it with contact-less, smart-card ticketing system
- Cost effective, reliable, convenient, measurable system provided
- Municipality: 51%, XEROX 49%

THE RESULT

- Installing smart card validators on 460 buses, 322 trolleys, and 252 tramway cars
- More efficient for citizens, more revenue for City

Opportunities and conclusions

- Source of major funding from the private sector
- Allows step change in organisation, coverage, operations
- Creates partnership with common goals and responsibilities
- Financial risk and commitment shared
- Results show:
 - Increased transportation revenue
 - Increased service for the public
 - Solving a public problem (outdated technology, etc.)
 - Rapid deployment to begin generating returns
 - Implementing a system that can be efficiently operated
 - Interoperability with other programs and technologies
 - Sound investment makes huge difference to service levels

Our considerations

- Match with Xerox capabilities and ability to leverage our solutions
- Geography and existing Xerox presence
- Political stability
- Time period and length of concession
- Financial commitment
- Currency exchange volatility
- Tax incentives
- Any financial restrictions (e.g taking money out of the country)
- Risk factors and ownership
- Reliability of projections (users etc)

