The concessionaires’ perspective

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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

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

### BOT

<table>
<thead>
<tr>
<th>THE CHALLENGE</th>
<th>THE SOLUTION</th>
<th>THE RESULT</th>
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<tbody>
<tr>
<td>Manage fare collection of the new Bus Rapid Transit line and feeder buses</td>
<td>• Implementation and operation of a turnkey AVL and fare collection system</td>
<td>• Contract awarded 2009</td>
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<td>Over 300 million trips per year</td>
<td>• Operate and manage the financial and distribution requirements</td>
<td>• Create a Special purpose Operating company in Lima</td>
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<td></td>
<td>• Re-organize regular buses lines</td>
<td>• 12 months Implementation, operate for 14 years</td>
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<td>• Modernize the bus fleet</td>
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<td>• Reduce the pollution by introducing NGV buses</td>
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<td>• Decrease the number of buses by thousands</td>
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<td></td>
<td>• Build 10 Bus Rapid Transit lines with up-to-date revenue collection and fleet management systems</td>
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## Case Study: Indianapolis

### Concession

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

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<td>• Legacy meters were antiquated and at the end of their useful life</td>
<td>• Create a company for updating, maintaining metered parking assets, collection of parking meters fees, residential permits, and violations, maintenance, parking enforcement.</td>
<td>• No cost for the City in operating the system</td>
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<td>• Meters only accepted coins, needed manual updates, many were missing, rusted, broken</td>
<td>• Upfront $20 million payment by XEROX</td>
<td>• Modern infrastructure</td>
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<td>• Low system operability</td>
<td>• Payment of tiered revenue share over 50 years</td>
<td>• In 2010: 89,000 US $</td>
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<td>• Broken meters would remain broken for days</td>
<td>• 50 year term concession with options to terminate for convenience every 10 years for an amount less than the upfront payment should the City believe the contract is no longer in its best interests</td>
<td>• In 2011: 1,100,000 US $ (1135% net increase!)</td>
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<td>• Rates had not increased in more than 30 years</td>
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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.

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<tr>
<th>The Challenge</th>
<th>The Solution</th>
<th>The Result</th>
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<tr>
<td>Riga was losing fares due to</td>
<td>Finance the technology build out; operate the revenue collections for Riga</td>
<td>Installing smart card validators on 460 buses, 322 trolleys, and 252 tramway cars</td>
</tr>
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<td>antiquated technology and</td>
<td>transit; transfer it back to the municipality after 13 years.</td>
<td>More efficient for citizens, more revenue for City</td>
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<td>cash-associated shrinkage</td>
<td>Take cash entirely out of the system and replace it with contact-less,</td>
<td></td>
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<td>Not enough staff</td>
<td>smart-card ticketing system</td>
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<td>Insufficient budget for</td>
<td>Cost effective, reliable, convenient, measurable system provided</td>
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<td>tech refresh</td>
<td>Municipality: 51%, XEROX 49%</td>
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<td>No reliable management</td>
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<td>information</td>
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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)