

Public – Private Partnerships in Transit

A photograph of a modern tram crossing a historic stone bridge over a river in Paris. The bridge features multiple arches and ornate black lampposts. In the background, the Parisian skyline is visible with various buildings and spires under a clear blue sky.

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Let's Talk About

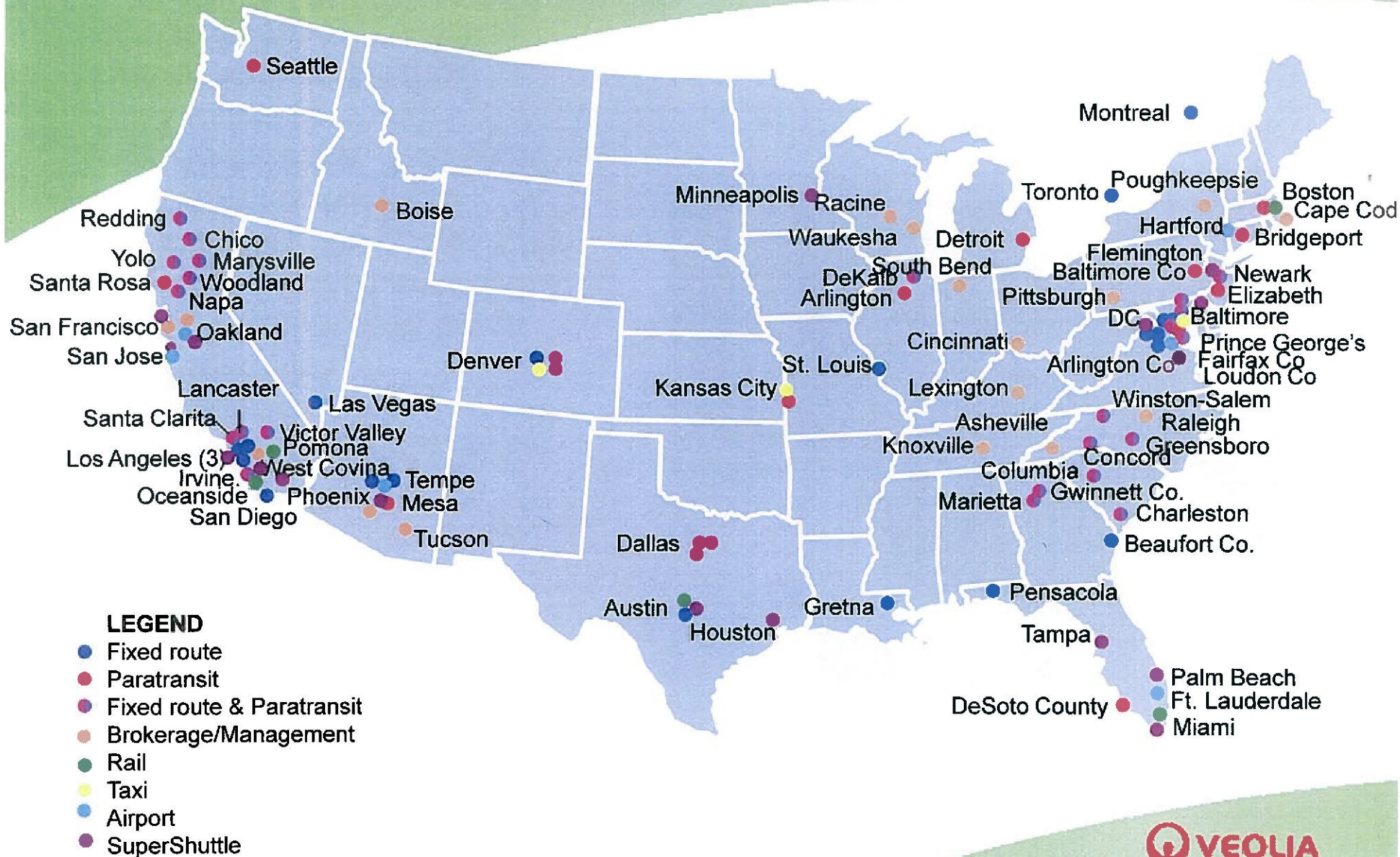
- Public participation in public transit in general
- Typical overseas models
- Public – Private – Partnerships major projects
- Veolia and its experience

Veolia Transportation

- Transporting over 2.5 billion passengers
- 82,000 employees
- Operations in 27 countries
- A division of Veolia Environment (energy, waste management, water, transportation)
- 2008 revenue of \$8 billion
- 5,000 public authority clients
- Manage 26,000 buses, 3,000 rail vehicles, 65 ships
- **North America:** 3 divisions – rail, transit (bus and paratransit), retail (taxi, SuperShuttle)
- 20,000 employees, \$1 B revenues



North American Operations



A Few Starting Points

- It's not privatization and out-sourcing.
- Let's talk about partnering and competitive contracting.
- Strengths that the public sector brings
- Strengths the private sector brings;
- The opportunity lies in bringing both together

Issues to Face

- Perceived loss of control by public agency/a threat
 - ☐ *Public agency is the client*
 - ☐ *Yet providing latitude to the operator*
 - ☐ *The ultimate control*
- No place for profit in a public service
 - ☐ *Transit was a private service*
 - ☐ *Ethics and accountability*
- Bottom line trumps quality
 - ☐ *Realistic pricing and understanding costs*
 - ☐ *Clear goals and scope from the outset*
 - ☐ *Aligning incentives and penalties*
- Perceived unfriendliness to labor
 - ☐ *National labor relations*
 - ☐ *Operator history*
 - ☐ *Relationships of mutual respect*

The Private Sector can Bring

- **Flexibility**, ability to change and adapt, quicker
- Ability to **innovate**
- Wide **experience** in many different settings brought to bear locally
- One stop **accountability**
- **Cost savings** leaner overhead/management
- **New framework** – capital investment
- **Separation** of policy and operational execution; buffer to politics
- A true interest in making **change**, consistent with public policy

Bringing in the Private Sector

Many Approaches

- All operations
- Part of operations – compare results
- Selected functions
- Overall management
- Development, delivery, and operations of new facilities, projects
- Use of private capital

Our Typical Contract Overseas

- Comprehensive role – operations, maintenance, marketing, planning, analysis, customer relations and communications
- Integration of modes
- Supply, finance, and/or ownership of equipment
- Fare risk
 - ☐ Bid revenue
 - ☐ Keep or share new revenue generated
- Extensive incentive/penalty regime
- Long-term engagement (10-30 years not unusual)

Public-Private Partnerships for Major Projects

- Agencies are being tasked to do more with less.
- Desire to deliver projects more efficiently.
- Large, complex projects require a large staff for management and coordination
- Public Sector need to share risk
- Need to counter ballooning costs

Your Public-Private Partner

PPP contracts in operation:

Rouen (France)

30-year PPP contract to finance, build and operate the LRT system

Barcelona (Spain)

2 successive 25-year BOT contracts related to the 2 LRT systems

“TramBaix” and “TramBesos”: the first two LRT lines to be run by a private operator in Spain

PPP contracts under construction:

Jerusalem LRT system (Israël)

Consortium: “CityPass”

A 30-year contract awarded in 2002

Construction began in April 2006 / Operations in 2009

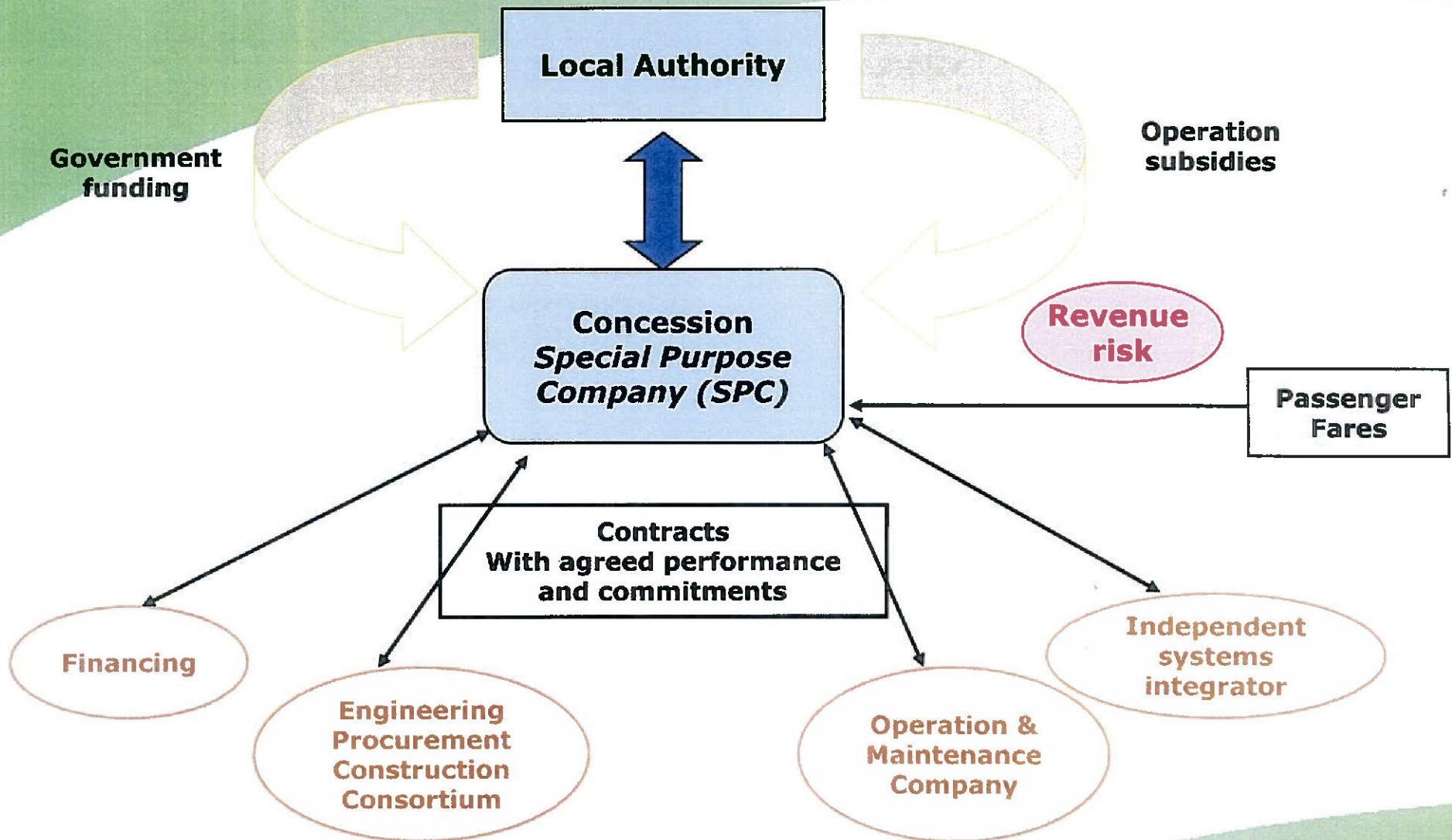
Mumbai underground system (India)

A 35-year BOT contract awarded by the consortium “Mumbai Metro One” in July 2006

1st line in operation in 2009

Implementation of the complete system in 2021 (9 lines)

General PPP Structure



Making it Work

- Real commitment to making it work.
- Clear articulation of the goals and end result
- Design the model to goals & incentives
- Take the time up front.
- Great attention to selection criteria and process-get the right partner
- It's not all about money.
- Mutual accountability.
- Mutual respect for the roles of all parties.

A Seamless Result

