



TRANSPORTATION INNOVATIONS

Inc.

Balancing Public Policy & PPP Economics


Transportation Innovations, Inc.

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TRANSPORTATION INNOVATIONS

Inc.

Public Policy & PPP

- A transportation dilemma
- The economic effect of highways
- Two concession models
- Public agenda
- Private sector agenda
- A developing US concession market




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A Transportation Dilemma


- Relationship of transportation and economic vitality
- Insufficient funding
- Lack of political will to tax
- Lack of political will to increase tolls
- Concessions can satisfy several factors
- Public policy agenda must be maintained



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Components of the Issue

- Urban Automobile
- Urban Freight
- Rural Automobile
- Rural Freight



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US - Highway Economic Effect

Goods Movement

- 83% value of all goods shipped in the U.S. are by truck
- 62% of the tonnage
- 1993-1997 – 20.6% tonnage growth
- NAFTA
 - Canada/U.S. largest global trade relationship
- Deregulation
 - Truck companies doubled in 90's
- Just-in-Time retail and manufacturing inventory
- Truck traffic to double by 2025, AASHTO




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Highway Economic Effect

Automobile Travel

- 79.6% of U.S. GDP is services based, not industry or agriculture
- Services require timely use of automobile
- We register more drivers, buy more cars (1.1/reg. driver) and we drive more
- Shopping, school and recreation uses grow
- Transit pass. trips 12.4 % 1960, today 4%
- Vehicle ownership 50% > western Europe
- India, paying 46 times per capita income
- Mystique of the automobile



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Two Concession Models



- **Brownfields**
 - “selling” public assets, long term leases
 - Control of public assets over a long period
 - Major routes of public interest
- **Greenfields**
 - More thorough consideration of public agenda
 - Comprehensive development agreements
 - Transparent procurement processes
 - Negotiations with one concessionaire



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Public Agenda



- Ensure free movement of goods and people
- Provide equitable access to transportation
- Provide transportation services at least cost
- Transparency in procurement
- Affect driver behavior
- Access the private equity market



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Private Sector Agenda



- Profitability – ROI on investment
- Minimize risks to capital investment
- Expand the market
- Provide a high level of service
- Establish a long term relationship
- Increase the asset value



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A Developing US Concession Market



■ Brownfield projects will continue

- Lack of will to increase tolls
- Depreciation tax treatment
- Inefficiencies in current operations



■ Greenfields

- New alignment toll roads
- Roads improved and converted to toll roads
- Congestion pricing on new express lanes
- Urban congestion pricing

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Balancing Public and Private Interests



■ Learning through doing

- Learning with each new concession

■ Comprehensive development agreements

- Long term negotiations have highlighted issues to consider

■ AETC Technology and concessions

■ Public agencies are stimulated to higher levels of competency



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