



Strukton

The power of PPP in light rail

About the increasing need for light rail systems in urban areas, the benefits of public-private partnerships and how Strukton combines its strengths in this exciting market.



Strukton advocates Public-Private Partnerships (PPP) in light rail as a successful approach to improve public transport service. Strukton is an experienced manager of PPP projects and a full-service provider of rail systems throughout Europe. The company has formed a consortium called TramTeam which, together with public authorities, develops integrated light rail solutions for urban transport problems.



Politicians and public authorities are currently faced with the issue of how to keep their urban areas liveable and accessible. What has already happened to metropolises, is now threatening to occur in medium-sized cities as well: traffic congestion and the infringement of environmental standards. Light rail connections can assist in reversing this trend. After all, they cause less pollution and occupy less space than road traffic. However, it usually takes a long time before such connections are operational.

It is not a simple task to equip a city with an efficient light rail system. This requires some radical measures. Local politicians often see themselves confronted with established interests, which are often conflicting. The classic financing structure and legislative frameworks governing the construction, management and operation of urban public transport do not make things any easier. And finally, execution itself is also a complex technical and organisational process.

The traditional approach

The traditional approach involves the authorities dividing up the total task: planning, design, construction, management, maintenance and operation. For each consecutive phase, they conclude contracts with engineering firms, contractors, infrastructure managers and transport companies. They remain responsible for interface coordination and bear the inherent risks, even though they are not generally the party that is best equipped to manage such risks. Furthermore, the government authorities themselves have to invest, while government financing structures do not make matters any easier. When all is said and done, it can therefore take quite some time to get such projects up and running. And the consequences are all too familiar: fragmentation, technical problems and running over budget and schedule. This causes problems and additional costs, which the passenger and taxpayer have to bear.

The benefits of public-private partnership in light rail

PPP appears in many different shapes and forms. After all, a building calls for a different sort of contract than a light rail system; innovation entails different risks when compared to proven technology. A PPP contract is often referred to as a DBFM project, which refers to Design, Build, Finance and Maintain. The O for Operate is sometimes also added. In other cases, however, the authorities and a private consortium form an alliance. In all cases, an integrated approach is adopted for a partnership lasting for 15 to 30 years, in which the authority and private party each bear their own responsibilities, while doing what they are good at. The former implements policy and monitors quality, while the latter designs, builds, maintains, finances and operates. The risks are borne proportionately, while aspirations are shared. The aim is to resolve an urgent traffic problem as quickly as possible by means of sustainable solutions.

In a Public-Private Partnership, the government authority defines its wishes and requirements clearly and functionally, while the private party develops an integrated technical and commercially viable solution. The private party also bears responsibility for the interfaces between technical systems and the various phases of the development process. This yields the best possible solution, as the private party receives payment in accordance with the performance it delivers in the maintenance and operating phases. Experience has shown that this division of responsibilities reduces the risks of the schedule and budget being exceeded, while passenger transport requirements, selected rolling stock and developed infrastructure will be optimally aligned, as any disruption would have a negative impact on the concession's profitability.



While Public-Private Partnerships in the light rail sector are still very much a novelty in some countries, many European countries have long proven the advantages of PPP in this sector. Over 40 PPP light rail concessions in various stages of development were registered throughout Europe in 2008. The UK, Germany, Portugal and recently Belgium have seen a sharp increase in the number of PPP projects.

The strength of Strukton

Strukton Integrale Projecten has been engaged in the development, management and financing of PPP projects since 1999 in the market sectors of accommodation, infrastructure, (light) rail, education and care. Strukton Integrale Projecten utilises the combined knowledge and expertise of the entire Strukton organisation, while cooperating with both Dutch and international partners. Its own specialist disciplines are project

management, contract management and financial engineering. Strukton is PPP market leader in the Netherlands and has the ambition to strengthen its position in the European market.

Strukton Rail is a full-service provider for rail systems in Europe. The business has branches in Norway, Sweden, Denmark, Germany, the Netherlands, Belgium and Italy. It executes contracts both within and far beyond the boundaries of Europe on a project and product basis. All of the organisation's efforts are aimed at the development, construction, innovation and upkeep of infrastructures and rolling stock that enable both safe and reliable travel. The organisation can provide all the relevant disciplines and is involved in every project stage, from design up to and including realisation and maintenance. Strukton Rail is rail, no more, no less, and has been for over 75 years.



A real life example

Stockholm. The local transport company – servicing 650,000 bus, train and metro passengers daily – put the Djurgårdslinjen plan out to tender. The upgrading and extension of a museum line from the city's Central Station. Old trams were to be joined by 12 new light rail trains on a new line. The line itself had to be extended some two kilometres right through the busy city centre to the Central Station. A branch line also had to be constructed, leading to a new maintenance depot, also part of the scope. In the future, these new lines will join a light rail ring that is to interconnect the outskirts of Stockholm. Question to the private sector: which of you wants to design, build, finance and – once

it has been completed – maintain and operate this system for a period of at least 15 years?

Strukton is one of the European parties that responded to the call, investing in a plan drawn up by the TramTeam Stockholm consortium, in which Strukton and NedRailways have joined forces. Together, these parties have sufficient breadth of knowledge and experience, strength and inventiveness to come up with an appropriate integrated solution.



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