

“On-Track” Light Rail Project

The Ministry of Transport of the city of Gotham is proposing to construct an elevated 20-kilometer light rail transit (LRT) with 5 passenger stations, connecting several nearby towns to Gotham. The city is experiencing serious traffic congestion as people commute daily from these towns to Gotham, mainly using private cars. Journey times are very long, there have been accidents, and pollution is getting worse.

The government expects considerable and increasing passenger traffic for the LRT since residents from the two towns commute to Gotham City for work and education purposes. Ridership could be from 26,000 passengers / day to as high as 35,000 depending on tariffs and other factors. If LRT tariffs are too high, commuters may not switch to using the LRT. It is expected users will pay fees to use the LRT, however the city is unsure whether this will be enough to cover the estimated \$1.5bln project capex. There could be additional income from the use of commercial spaces in the railway stations and the coaches for advertisements.

While the right of way for the rail is secured since this is elevated over existing roads, the land for the stations needs to be obtained. Most is privately held, and the Ministry of Transport is currently investigating acquisition. Who should acquire the land and when is not clear yet for the project. At the same time, some of the citizens of Gotham are also concerned that the construction of the LRT would cause tremendous traffic, as the elevated railway traverses above Gotham City's major highway.

The Ministry of Transport is seriously considering whether the PPP should cover provision of the rails only, provision of the rails and stations, and whether the private party should also provide the actual rail service as well (including ticketing). Perhaps this could be several PPPs, or perhaps a single intergated PPP project? And what should be done about the land acquisition?



“Fly High” Airport Project

Through an Official Development Assistance (ODA) loan, the Ministry of Transport was able to commence the rehabilitation of one of its domestic airports to cater to international flights. The airport expects to receive regular flights from several Asian and European airports, bringing business and tourism to the country and region. In the ODA-financed feasibility study, it was noted that further expansion of the newly-rehabilitated airport may be required based on its 5-year traffic projection. This could require an additional runway, extra Air Traffic Control (ATC) capacity, as well as an additional passenger terminal and freight handling center. If fully developed the airport could attract as many as 5 million passengers per day, with up to 90 landings/take-offs per day.

The Ministry is now considering to package the operation and potential future expansion of the airport as a PPP. However, as it is in a hurry, the Ministry plans to commence with PPP tender and award while the ODA-funded rehabilitation works is still ongoing.

When the project was announced through Gotham City Daily (the city’s newspaper), prospective bidders were concerned about the interface risk involved in the project. There were many questions over whether the PPP project should take over the existing rehabilitated terminal and runway as well, or not. Capex estimates are from USD\$200m to \$350m, depending on the expected future air traffic which suggests how large the new terminal should be.



“Stay Afloat” Container Terminal Project

The Gotham Port Authority (GPA) was approached by Grayson International Services, Inc. (GISI), the current operator of the Goodwin Port in Gotham. GISI has made an unsolicited proposal to upgrade a nearby GPA-run port into an international-standard container terminal. The capex for the new container terminal is estimated to be at \$200mln, and it should be able to handle up to 1.2 million TEU (Twenty Foot Equivalent Unit) and 6 million tons of general cargo per annum.

At first instance, the project seems promising, however GISI is asking the GPA for guarantees and financial support. As this is an unsolicited proposal, GPA wants to ensure that it will get a fair deal with the project. GPA therefore intends to prepare the project further and conduct a competitive procurement, allowing GISI also to bid. The GPA is also considering to add operation of its own port into the project.

There is substantial traffic already passing through the GPA and existing GISI ports. Both are running close to maximum capacity, and the economy is growing strongly driving up the demand for imports, as well as local production for the export market. The Gotham City business community has also indicated that there is strong demand for a small cruise terminal, which may require an additional \$45mln capex investment.



“Through Flow” Intermodal Terminal Project

The Ministry of Transport wants to develop an intermodal terminal. This terminal will connect road commuters (car, bus) coming from the northern part of Gotham City to other transport systems such as the future commuter light rail (LRT), the Gotham City internal bus system, taxis, and the new Airport Terminal Express bus link.

Initial assessment of the projects suggests the terminal could be quite complex – with a number of auxiliary facilities that need to be put up in the terminal (i.e. passenger terminal buildings, arrival and departure bays, public information systems, ticketing and baggage handling facilities, park-ride facilities, etc.). Also it is not certain whether or when the LRT system will be built. Rough estimates of capex put the terminal at between \$200m to \$350m depending on whether the LRT is included or not. The terminal is expected to initially handle up to 120,000 passengers daily transferring between transport systems, but this could rise as high as 300,000 especially if the LRT is constructed.

The Ministry is considering adding an abandoned government property beside the terminal to the project, which the private partner could develop for commercial purposes. This could provide considerable commercial income, however the old building is currently illegally occupied by poor households who would need to be evicted or rehoused elsewhere.



“Superlane” Expressway Project

The 65 km regional road between the capital city of Gotham and the country’s major regional town is the busiest road traffic route in the country. The single lane road was constructed 30 years ago, and has been poorly maintained. The country’s economy and population are growing rapidly and traffic is increasing. The large flow of passenger vehicles, busses and trucks must travel slowly due to potholes, encroachment of street traders onto the road, uncontrolled pedestrians crossing, and general congestion. Road accidents are frequent causing further delays, injuries and unfortunately deaths (often involving pedestrians). The 65km trip currently can take over 4 hours.

The Ministry of Transport wants to renovate the road, and upgrade it to a dual lane highway (the “Superlane” project), with provision for adding of a third lane in future if needed. Traffic on a dual carriage scenario is anticipated to be as much as 86,000 vehicles per day in each direction, but if traffic rises over 95,000 the third lane will be required. After conducting a pre-feasibility and feasibility study, the Ministry has decided to undertake the project on a PPP basis. The capital works required are estimated to be USD 200 million. The Ministry is considering to procure a private partner to deliver the highway.

The project faces a number of challenges:

- The private partner will be allowed to charge a toll to road users. However, the Ministry believes that road users will not be willing to pay high tolls to allow cost recovery. Additional financial support from government will probably be needed.
- It is also not certain what future traffic demand will be. Initial forecasts suggest a steady increase in traffic volumes, but changes in oil prices could reduce traffic.
- The Ministry is uncertain how the toll charge should be determined, and how often it should be adjusted.
- Additional land will need to be acquired to accommodate the dual lanes, and land may be needed to accommodate a future third lane.
- The Ministry is also concerned about how to improve facilities for pedestrian crossing and general pedestrian safety.
- Improving road safety is a priority for the Ministry, and the new road must allow faster traffic but also be safer.



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