Supply Chain Partnerships: A Public Sector Perspective

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It’s the Chain, Not the Link
(DOT’s and large public agencies look at the entire chain)
It’s the Chain, Not the Link
(Illustrative 2008 cost comparison to Charlotte, N.C.—inventory costs not included)
It’s the Chain, Not the Link
(Public Sector Partnership Commitments)

• Oakland Outer Harbor & Baltimore Seagirt Terminal
• Gerald Desmond & Bayonne Bridges
• Alameda & Heartland Corridors
• Southern California International Gateway & Chatham Yard ICTF
• I-710 Truckway & Jimmy DeLoach Parkway
Why the Public Sector Pursues Private Sector Partnerships

• Jobs and tax base
• New funding sources
• Financial benefits
• Risk allocation
• Alignment of interests and incentives
Public Sector Barriers to Private Sector Partnerships

- Statutory
- Political/Advocacy
- Competition
- Liability/Indemnification
- Public Sector Funding
- Regulatory Federalism
### Major Stakeholders in U.S. Transportation Governance and Finance

<table>
<thead>
<tr>
<th>Federal</th>
<th>State</th>
<th>MPOs</th>
<th>Local</th>
<th>Transit Agencies</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Congress</td>
<td>• Governors</td>
<td>• Urban: 383 metropolitan</td>
<td>• 3,043 counties</td>
<td>• 640 urban operating systems, including 600 public agencies</td>
<td>• 85 bridge, tunnel and turnpike authorities</td>
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<tr>
<td>• U.S. DOT</td>
<td>• Legislatures</td>
<td>planning organizations (MPOs), ranging from one to 26 per state</td>
<td>• 19,431 municipalities</td>
<td>• 16,504 townships</td>
<td>• 561 federally recognized tribal governments</td>
</tr>
<tr>
<td>• Six major land management agencies</td>
<td>• DOTs in states and other jurisdictions</td>
<td>• Rural: 180 regional transportation planning organizations</td>
<td>• 767 highway special districts</td>
<td>• 2,000 rural operating systems</td>
<td>• Private operators and owners of transportation assets</td>
</tr>
<tr>
<td>• Three primary environmental protection agencies</td>
<td>• Transport commissions or boards</td>
<td></td>
<td></td>
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<td>• Regional and county toll authorities</td>
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<tr>
<td></td>
<td>• Other state agencies with related responsibilities, including non-highway modal agencies</td>
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<td></td>
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<td>• Others</td>
</tr>
</tbody>
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Virginia Example—APM Terminal

- Virginia incentives and permitting assistance
- Privately fund $450-million terminal
- Publicly fund and design-build Route 164 interchange
- Publicly fund $\frac{2}{3}$ of on-dock, dual access rail
- Publicly fund $\frac{2}{3}$ of dual access shortline rail relocation
- Publicly fund (state and federal) $\frac{2}{3}$ of Heartland Rail Corridor
- Public lease of APM facility (APM2)
California Example—Alameda Corridor

- Urban congestion and emissions
- Future jobs and tax base
- Container surcharge supports $2.5 Billion in rail improvements and grade separations
  - Port Authority “backstop”
  - $400 Million federal loan precursor to TIFIA
- UP and BN more than $20 Billion in national rail improvements since 2000
- Port authorities more than $2 Billion in port improvements since 2000
Alameda Corridor Funding

- Revenue Bonds: $1,160 (48%)
- Federal Loan: $400 (17%)
- MTA Grants: $347 (14%)
- Ports: $394 (16%)
- Other: $130 (5%)
California Facilities
Partnerships Not Always Transactions—Especially for the Public Sector

<table>
<thead>
<tr>
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<th>APM 1</th>
<th>APM 2</th>
<th>Alameda</th>
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</thead>
<tbody>
<tr>
<td>Jobs/Tax Base</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>New Funding Source</td>
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<td>✓</td>
<td>✓</td>
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<tr>
<td>Financing Benefits</td>
<td>✓</td>
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<td>Risk Allocation</td>
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<td>Align Interests &amp; Incentives</td>
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<td>✓</td>
<td>✓</td>
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Each Link in the Chain is a Partnership Opportunity
Questions??