

APPLRG / pteg: Light Rail and the City Regions

Day 2 - 3 November 2009

Session 4 – Keolis

Questions 127 - 142

PLEASE NOTE THIS IS NOT A FULL TRANSCRIPT
BUT A NOTE OF THE SESSION.
DUE TO A TECHNICAL FAULT NO TRANSCRIPT IS AVAILABLE.

Q127 Roger Harrison: Introduced himself and background to Keolis' involvement in light rail schemes. His particular evidence demonstrated the viability of light rail systems in relatively small cities – Le Mans, where Keolis were operating, has a population of under 200,000 people. Identified the particularly strong local political will to make light rail schemes happen – benefits of which are seen to be reducing car usage, improving the quality of life, reducing pollution, increasing the attractiveness of cities, increasing connectivity in cities to improve social inclusion, sustainable development and regeneration in deprived areas. French government has segregated public transport and established legal framework to encourage development – including local powers to initiate schemes and raise funding. There was a separation of organising authority and the operations. Planning frameworks linked environment, energy use and other issues under a similar arrangement to the Local Transport Plans in the UK. Local transport authorities had the opportunity to hypothecate tax, in effect a transport levy, based on a payroll tax of companies with over nine employees (to around a maximum of 1.8% of the value of the total labour cost). Funding for the Le Mans scheme was 60% local tax, 30% European Investment Bank and 10% other, including national government. Operations in France are either public or private or jointly run. Procurement in some areas has been similar to PPP. Operators used in construction phase to advise – all three of the main France operators develop and specify for clients. Contracts vary in length – Lyons has 6 year contract for all modes of transport (to achieve better integration). French authorities provide financial assistance to mitigate against worst affected businesses during construction of tramways. Tend to look to light rail at peak flows of more than 30,000-40,000 / hour, with below 25,000 /hr more likely to support bus rapid transit.

Le Mans scheme looked at 15km route, with roughly 16M passengers per annum. Gave rise to 30% increase in public transport use and 30% decrease in car usage. Motorists encouraged to switch – ease of modal interchange, park and ride facilities, and redesigning of town centres for more walking and cycling. Estimated costs for three and a half year construction (nine years for conception to finish) (was around 20m Euros per kilometre, excluding the cost of utilities and other urban realm improvements (which are budgeted for and organised separately), but included would mean costs were 27M Euros per kilometre.

Q128 Paul Rowen: What are the real lessons from France?

Roger Harrison: All major UK cities would have trams if they were in France. There is a high population density along transport corridors in French cities due to the higher proportion of apartments to house. In France they have benefited from local decision making and ability to raise local taxes to pay for it. Local businesses are happier in that

they know where their taxes are going – not into a big central government pot. Encourages inward investment.

Q129 Paul Rowen: What length are the contracts?

Roger Harrison: Longest is 20 years down to 6 years. Depends how much you want the operator to participate in long-term planning. Preferably at least 7 years. Keolis generally prefer longer contracts but this can be a disaster if you get the projections wrong.

Q130 Paul Rowen: What degree of cooperation is there between cities and operators?

Roger Harrison: There are 3 major operators in France: Veolia, Transdev and Keolis, with a lot of experience. Generally cities like to work closely with operators, including getting them to sign off the specification before approving.

Q131 Paul Rowen: How would that work in UK?

It did happen with Merseytram but it is not usual. It is advantageous for the operator and can reduce long term costs. In UK revenue covers operating and maintenance costs. This is not necessarily so in France where operating subsidies are more common.

Q132 Paul Rowen: Contracts in France are normally to operate a complete transport system. How does that work?

Roger Harrison: Lyon is the biggest with integration of a variety of different transport modes. Keolis are coming up for their third tender for Lyon (of 6 year lifecycles).

Q133 Paul Rowen: How are walking and cycling integrated with public transport?

Roger Harrison: It is a legal requirement for cycling and walking facilities to be put in when a new tramway is constructed.

Q134 Paul Rowen: How much inward investment and regeneration did the new tramway generate in Le Mans?

Roger Harrison: Difficult to measure in terms of jobs as there are many other factors involved. What can say is that a new business park by the central station was established as a result of the new tramway. In 2008 37 new companies were established there. Cannot say far these were attracted by the tramway, but generally fixed transport infrastructure is an incentive for new businesses.

Q135 Paul Rowen: Was the 30% reduction in car usage noted due to subsidised fares being available?

Roger Harrison: Partly due to fare subsidies, partly to high level of integration. Research shows that integration increases public transport use by 5% or more.

Q136 Paul Rowen: Are extensions planned at Le Mans?

Roger Harrison: Yes, a three line systems is planned. Similar expansion plans in other cities.

Q137 Paul Rowen: What are the major challenges in the UK for light rail development?

Roger Harrison: Changing the legislative framework to allow local authorities to make decisions and raise money. There should also be more emphasis on integration of different transport modes.

Q138 Paul Rowen: Does this mean the one operator model?

Roger Harrison: Integration is done by the local authority in France. There is no expertise in this field in UK, other than in London. Similarly more in-house expertise is needed in construction firms.

Q139 Paul Rowen: And procurement?

Roger Harrison: The costs of tendering are higher in the UK than elsewhere. We need to reduce bid costs.

Q140 Paul Rowen: How can we get these costs down?

Roger Harrison: The process needs to be simpler. Bidders need to be sure a project will proceed and not be cancelled at the last minute. If cancellation does happen, there should be compensation. There needs to be greater standardisation in the tendering process – contract structures, documentation etc. The time taken to develop schemes in the UK is too long. The industry generally is also dominated by consultants so pushes up the costs

Q141 Paul Rowen: Was the NET2 process easier than NET1?

Roger Harrison: Yes, it was somewhat simpler, but still expensive to bid.

Q142 Paul Rowen: Why not use French in-house expertise?

Roger Harrison: There is a growing tendency to develop or acquire in-house teams in companies.

ENDS.