



Plan of action for World Class Station

Railway Staff College

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ISSUES

- Why World Class Station and what is it?
- Mode of execution: conventional contracting or PPP?
- Learning from Airport Modernization
- Processes Involved
- PPP- What Model?



Why World Class Station?

- Existing Situation at a Station
 - Multi Department Management
 - Incremental Planning and Development
 - Inadequacy and Poor Quality of Passenger Services
 - Non-utilization of Property Development Potential
- Heightened Expectation and Aspirations of the public
- World Class Airports and Bus Terminals getting constructed- Should we lag behind?



What is World Class Station?

- Benchmarking with the world's best stations
- Key Objectives
 - World Class Development and Expansion
 - World Class Management
- Redefinition of Station as an Urban Icon- Real Center and standard-bearer of the city



World Class Station Development and Expansion

- High Quality Station Infrastructure and Property Development
- Phased development to cater to growth
- Project conception, execution without traffic disruption
- Global best practices in passenger management
- Timely completion
- Synergistic development matching with surrounding urban infrastructure and multi modal transfers
- Non tariff revenue generation and its sharing



World Class Station Management

- 3 Challenges- Managing existing station, during construction and after development
- Operation and Maintenance as per global standards and requirements
- Passenger services as per global service quality requirements-
Subjective as well as objective
- Segregating and Managing parcel traffic
- Traffic management in circulating area
- Maximizing non-tariff revenue from station with share to IR



Facilities At World Class Stations



- Spatial segregation of facilities at different floor levels for smooth passenger flow.
- Segregation of incoming and outgoing passengers.
- Major facilities at first- floor or under-ground concourse level.
- Direct vehicular access to the concourse.



Facilities At World Class Stations Contd.

- Escalators and lifts to enhance access to station platforms.
- Walkways to facilitate passenger movement.
- Ticket counters and other amenities at concourse level.
- Platforms to be free of stalls/structures.
- Food plazas, shopping malls, budget hotels, retiring rooms etc. at air space above or in the basement/subway.
- World class information system for passengers' guidance.



Facilities At World Class Stations

-- Contd



- Transactions for parcel, linen and pantry car services to be shifted to rake servicing area – away from the platform.
- Aesthetics and cleanliness to match the best global standards.
- Inter – modal transfer facilities.



How to build : Spending vs Earning

- Can it be done with budgetary resources?
- Should budgetary resources be spent?
- Is IR geared to execute it departmentally?
- Can it be done at zero cost to railways?
- Additionally could it also contribute to raising resources?



WHAT IS PPP?

- Use of Private Sector to deliver a project or service
- Difference from traditional procurement- emphasis on service outcome and asset performance over the contract life



WHY DO WE NEED PPP?



- Meeting unlimited demands with limited resources
- Emphasis on outcomes rather than outlays
- Financial Objectives
- Efficiency gains



CHALLENGES FOR THE FUTURE

- Freight traffic to grow at 8-10% p.a., Passenger traffic at 6-8%
- Infrastructure and rolling stock to match growth
- Harnessing new technology
- 268 Projects- Rs.54371 crores (US\$12b) to complete
- Approximately 8000 kms of new lines, 7900 kms gauge conversion, 3300 kms of doubling, 2200 kms of electrification and 245 kms of suburban projects
- Estimated investment required over the next five years- Rs2,20,000 crores (US\$52b)



ADVANTAGES OF PPP

- Makes projects affordable by injecting private capital into public projects
- Harnesses private sector skills in project and service management
- Allocates risks to party best able to absorb
- Facilitates payment for only services delivered
- Cost and quality of Service over lifecycle



KEY CHALLENGES IN USING PPP



- Capacity and skill to adopt PPP
- Existence of private sector expertise
- Transferability of lifecycle cost and other risks
- Procurement can be lengthy and costly
- Higher cost of private capital
- Long-term nature and loss of control



Issues To Be Addressed

- Efficient and transparent processes
- Decision making at high level in a time- bound manner
- Model Concession Agreements and bidding framework
- Efficient dispute resolution mechanism



How to Build World Class Stations

- A Rigorous and Elaborate Transaction Process Needed
- Decision Required at every stage
- Legal, Financial and Technical Consultants needed from beginning- **Separate and Best in their fields**
- Terms of Reference to these Consultants key to achievement
- Valuable Lessons could be learnt from Transaction Process of Delhi and Mumbai Airport Restructuring and Modernization



Evolution of Process of Airport Modernization

- Airports pre-1998
- Developments between 1998 to 2004
- Finalization of Model, consultancy and bidding (2004-2006)
- Award of concession for Delhi and Mumbai in April 2006
- 3 year Transition to JV Companies



Airport Modernization Process

Key Features

- Debt equity ratio 2:1
- Equity Participation of AAI in JVCs
 - 26%, Capped at Rs.500 crores each
 - Phased Investment through fresh accruals
 - Rs.150 crores upfront lease fee for part funding of equity
 - Option to invest even less than 26%, still voting rights with regard to Board and Shareholder matters to be preserved as laid down in the Shareholder's Agreement



Airport Modernization Process



Key Features-contd.

- Earning from Airport under JVC
 - 47% of revenue at Delhi Airport now goes to AAI as profit as all costs including staff cost being born by JVC
 - AAI's share of revenue now is more than the total revenue collection earlier at the Delhi airport
- Treatment to Employees
 - 3 Years Deputation/Transition period
 - Minimum 40% employees to be absorbed within transition period with requirement that remuneration cannot be less advantageous than the current and full preservation of accrued entitlement
 - Those not opting for JVC employment, to return to AAI



Key Features-contd.

- World Class Airport Management
 - One entity in the Bidding Consortium must be an existing Airport Operator
 - Minimum 10% equity partnership from such Operator
 - Higher Weightage in evaluation for Consortium having Airport Operator with higher equity partnership than 10%
- Support of State Governments
 - Assistance on best endeavor basis
 - Clearances, Encroachment removal, R&R, Transport Access, and other essential services,
 - Through State Government Support Agreement
 - State Government made an important stakeholder



Airport Modernization Process

Key Features-contd.

- State Support Agreement (Central Government)
 - Assistance in regulatory matters
 - Coordination with other government agencies
 - Right of First Refusal for a rival airport in the vicinity
- Bidding Process
 - Two Packet System bidding
 - Technical Bid included Development Plans and Business Plans at par with world standards with performance to be measured on an objective basis
- Major Construction
 - Through separate Construct Only contract to L&T by the JVC for Delhi Airport



Present Governance Structure at Station

- No Single Management/Department Responsible for the Station
- Different Aspects of Maintenance and Improvement works planned and executed by different departments separately
- No Separate Accounting and Budgeting for Station
- No Decision Making Power at station level
- No performance measurement system for Quality of Service
- **Unsuitable for Managing World Class Stations**



World-class Stations

Phase-I

- New Delhi*
- Anand Vihar, Delhi
- Mathura
- Patna
- Howrah
- Chennai

* Being handled by NR

Phase-II

- CSTM, Mumbai
- Pune
- Lucknow
- Bijwasan, Delhi
- Amritsar
- Chandigarh
- Varanasi
- Trivandrum
- Secunderabad
- Ahmedabad
- Bhubaneswar
- Bangalore
- Bhopal



Station Management Issues

- Separation of Services to be carried out by Railway/Government and the Concessionaire
- Segregation of operational and commercial (real estate) areas
- Interface between railway's and the concessionaire's rights and responsibilities
- Identification and accounting of Revenue Streams
- Free Services for Railways
- Access Control, Paid and Free Services for users, Passenger Management in Peak Hours and during extraordinary delayed services
- Interplay between Train and Station infrastructure
- Government Employees engaged in services handed over to Concessionaire
- Interface with Railway Operation, RPF, GRP
- Licensed Porters, Hawkers, Catering, Stalls etc.
- Management of Parcels
- Likely introduction of future private passenger/parcel operators



Pre-requisites

- Clarity of objectives-outcomes rather than inputs
- Clear division of responsibility and clarity on interface
- What is to be developed- station or station+
- Concession agreement-measurable and verifiable performance parameters
- State of the art construction technology - no disruption to services
- Transparent management of a complex bid process



Roll-out Process: Phase I (First Five Stations)

- Manual for standards and specifications
- Technical ,Financial and Legal Consultant
- Drafting of Concession agreement
- PQ of Developers
- Feasibility Report and Bid Documentation
- Bid Process Management
- Award of concession
- Construction and commissioning-role of Independent Engineer



Roll-out Process: Phase II (Remaining stations)

- Manual and model documents from Phase-I
- Appointment of Project Consultants
- Customization of Documents
- PQ of Developers
- Bid Process Management
- Award of Concession
- Construction and Commissioning - role of Independent Engineer



The Manual

- Passenger flow
- Office spaces
- Spaces for and nature of passenger amenities
- Signage and passenger information system
- Train Operational requirements
- Historical & archaeological
- Station sizing
- Standards of construction
- Washable aprons on platform lines
- Floor, wall, column and roof finishes
- Public address system
- Guidelines for persons with disabilities
- Lighting, ventilation and air-conditioning
- Train maintenance facilities including watering
- Waste management system
- Security management system
- Emergency evacuation systems
- Fire prevention and systems
- Parking and connectivity for inter-modal transfers
- Sustainability (energy, water and renewable)
- Building management system
- Environmental management system
- Compliance testing procedures



Role of Nodal Officers (Zonal Railways)

- Preparation of Inception Report
 - Site related data and decision regarding area
- Site Plan and Drawings
 - Land Plan
 - As-built drawings of station building
 - Utility drawings
- Coordination with Consultants
- Coordination with Board
- Obtaining GM's decision in time
- Obtaining Local Authorities' approval/ clearances
- Responsibility for Time Lines
- Monitoring of Construction



सत्यमेव जयते



Possible Models

Development and Maintenance Concession

Possible Features

- Single Developer/Lessee either through zonal railway or RLDA
- Lessee primarily a real estate development/construction company/consortium
- Operational area constructed on Design and Construct mode free of cost
- Railway's full control on operational area
- Minimum Guaranteed Predetermined lease charges per unit area of commercial development

JV Company

Possible Features

- JV Company Creation with Railways as government equity partner
- JV partner a consortium necessarily with an International Station Operator
- Concession in the form of leasing of entire Station
- Except train operational services like train control, signaling, OHE, travel ticketing, security etc. all other services transferred to JV Company
- Percentage revenue share with IR (bidding parameter)
- Upfront Concession/lease fee for initial equity investment by Railways



Preliminary Activity Schedule for the First Five Stations

Activity/ Month	Mar 07	April 07	May 07	June 07	July 07	Aug 07	Sept 07	Oct 07	Nov 07	Dec 07	Jan 08
Appointment of First Technical Consultant											
Appointment of Other Five Technical Consultants											
Appointment of Financial Consultant											
Appointment of Legal Consultant											
Preparation of Manual Containing Technical Concept Plan of Anand Vihar Terminal											
Feasibility Report of Anand Vihar Terminal											
Development of PPP Models											
Pre Feasibility Report for 19 stations for Cabinet											
Cabinet Approval for 19 Stations											
Draft Concession Agreement for Anand Vihar											
Draft Bid Documents for Anand Vihar											
In Principle Approval of PPPAC for Anand Vihar											
PQ for Developers for Anand Vihar											
PQ for Developers for Other Five Station											

Preliminary Activity Schedule for the Other 13 Stations

Activity/ Month	July 07	Aug 07	Sept 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	April 08	May 08
Appointment of Project-cum-Technical Consultant											
Concept Plan and Feasibility Report											
PQ for Developers											