

The logo for InterVISTAS, featuring the company name in a white serif font on a black rectangular background. A red curved line starts from the bottom left of the black box and extends across the top of the slide.

InterVISTAS

strategic
transportation
& tourism
solutions

Transport Demand and Infrastructure Funding

Prepared for
NCDC

Prepared by
InterVISTAS Consulting, Inc.

October 2009



Overview

- Trade and the Recession
- Infrastructure Demand
- Stimulus Spending and Infrastructure
- Good Business Cases



A GLOBAL ALLIANCE





A GLOBAL ALLIANCE





CORPORATE PARTNERS



www.dhv.com

- international consultancy and engineering group
- operating in transportation, aviation, building and manufacturing, water, urban and regional development, and environmental sustainability
- staff: 5,500
- offices in Europe, Asia, Africa and North America
- Head Office: Amersfoort, The Netherlands



www.delcan.com

- multidisciplinary engineering, management and technology consulting firm
- operating in the transportation, information technology and water sectors
- staff: 600
- 10 offices in Canada, 9 offices in the U.S., 3 offices international
- Head Office Canada: Markham ON
- Head Office U.S.: Chicago IL



www.naco.nl

- airport consultancy in airport development and design
- specialized in terminal and ancillary buildings, airside & landside infrastructure, integrated noise modeling
- staff: 200
- offices in Europe, Africa and the U.S.
- Head Office: The Hague, The Netherlands



WORLDWIDE OFFICE AND PROJECT LOCATIONS

CANADA

Vancouver BC
Winnipeg MB
Ottawa ON

U.S.

Washington DC
Vienna VA
Chicago IL
San Francisco

EUROPE

The Hague NL
London UK
Bath UK

CARIBBEAN

San Juan PR



InterVISTAS has done projects in 59 countries worldwide.



INFRASTRUCTURE DEMAND





The Recession: slow moving

Slow jobs recovery

Instability in the international financial sector

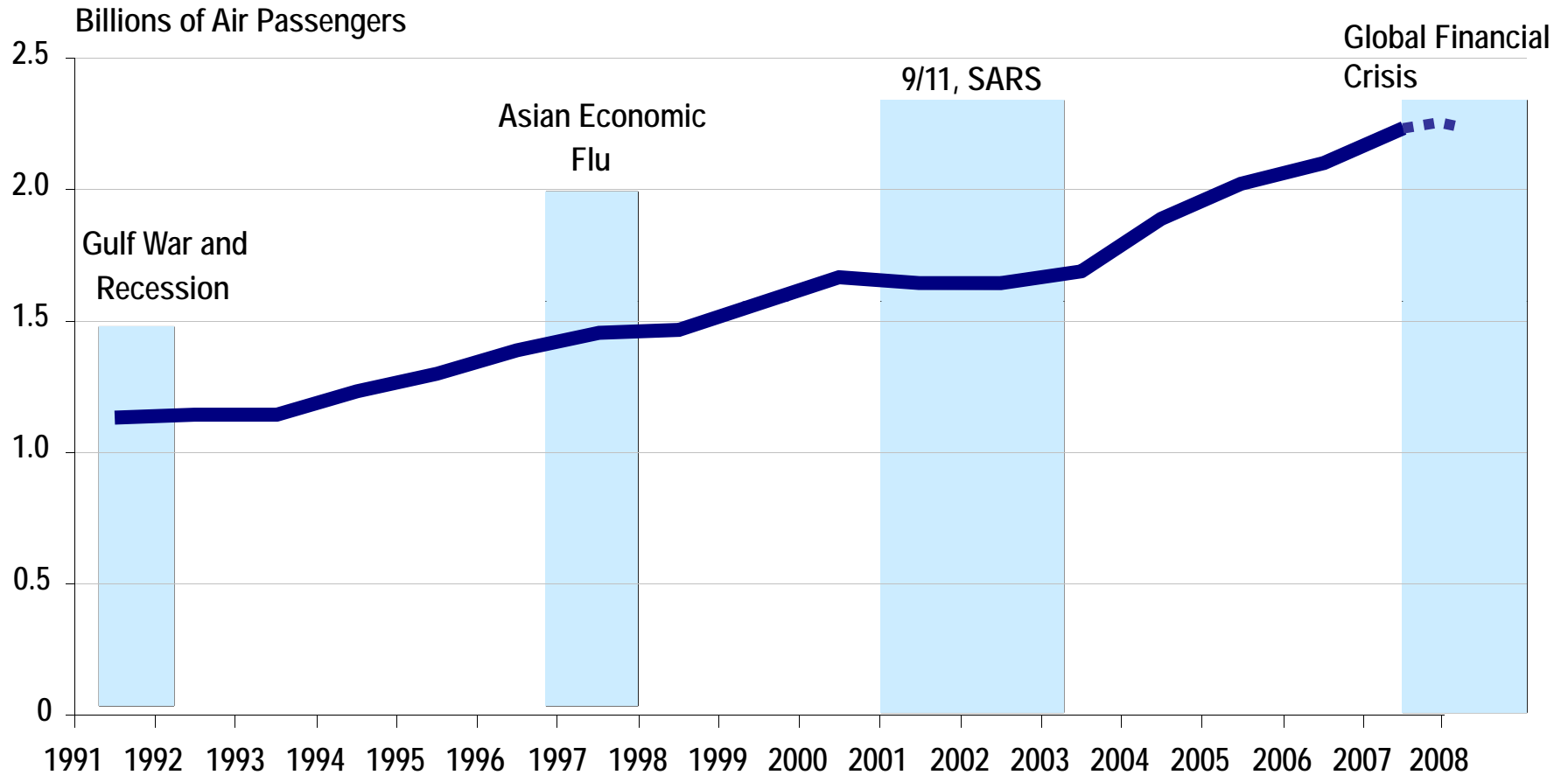
Transportation snapshot: US grain

- US grain to port deliveries **down 45%** from five year average
- US wheat export sales for 2009 harvest are **off 38%** over 2008 harvest
- US containerized grain shipments **down 21%** from 3-year average

Source: USDA, Grain Transportation Report, 1 Oct, 2009



Global Air Passenger Traffic Trend: Back on Track After Lags



Source-Adapted from International Civil Aviation Organization.

Recovery speed a question after this recession



The Northwest Corridor is an exception: Prince Rupert - 2009

“Looking ahead in 2009, we are continuing to build a diversified and sustainable gateway through Prince Rupert...

We are positioning the Port of Prince Rupert and the northern trade corridor to capitalize on an array of opportunities when the current economic recession ends and Asia-North America trade grows toward post recession levels.”

Dale MacLean, Chair, PRPA
2009 AGM



PRPA plans

Fairview Container Terminal Phase II

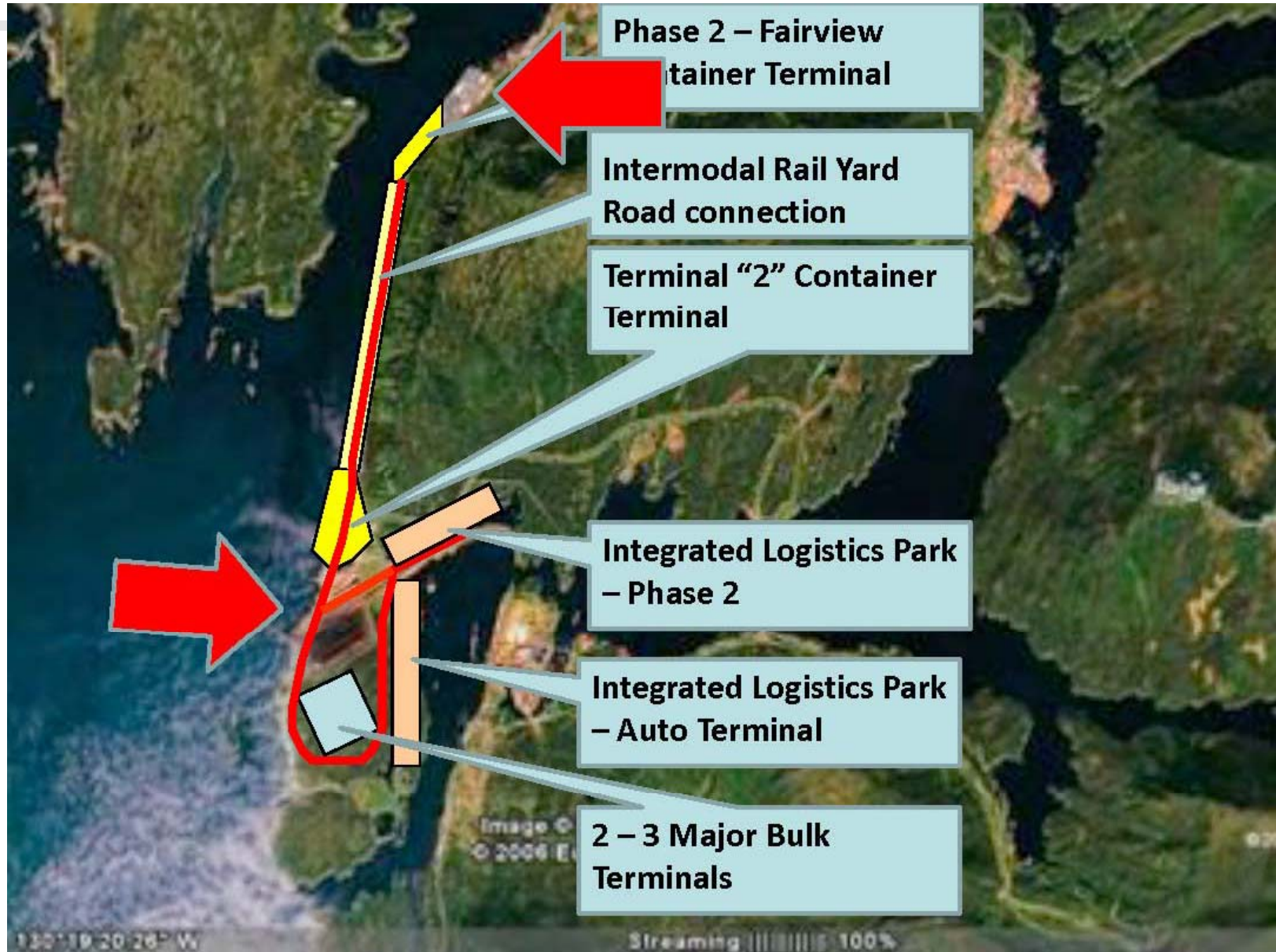
- Construction to begin *late 2010*
- Completion *early 2014*

Ridley Island

- Integrated Logistics Park
- Auto Terminal
- 2-3 Bulk Terminals



PRPA Development Concept





STIMULUS SPENDING





Infrastructure as Stimulus

Canada and the U.S. have turned to stimulus investment as a recession response

Both federal governments have existing capital spending programs but introduced significant new spending in 2009

- Building Canada Fund
- Obama Stimulus Package in the U.S.
- Both focused on quick economic impacts through spending



Building Canada Fund

Building Canada priorities include:

a stronger economy, a cleaner environment, and better communities

Stronger Economy aspect of the fund along with

Airports

Core National Highway System

Short-Sea Shipping

Shortline Railways

Connectivity and Broadband

Tourism



The new federal P3 role

Two federal P3 initiatives in 2009

1. The \$1.25 billion *Public Private Partnerships Fund*.

attract investments from the private sector, and increase knowledge and expertise in alternative financing.

2. *PPP Canada* (\$25 million over five years) The P3 Office will facilitate a broader use of P3s in Canadian infrastructure projects, including through the identification of P3 opportunities at the federal level

All projects seeking \$50 million or more in federal contributions will be required to assess and consider the viability of a P3 option.



The definition of P3 varies

P3s now a common model, but definition varies

A public-private partnership is a legally binding contract between **government** and **business** for the provision of assets and the delivery of services. The contract allocates responsibilities and business risks among the various partners.

- common definition

In practice many “P3s” are 1/3 federal; 1/3 provincial; 1/3 municipal, or mix thereof.

Special funds sometimes available, such as Pine Beetle Fund



Recent “P3” Infrastructure funding examples

Cruise Terminal at the Port of Nanaimo

Port of Prince Rupert Container Terminal

William R. Bennett Bridge

Golden Ears Bridge

Comox Valley Airport Terminal Expansion

Kelowna International Airport BCIT Project

Boundary Bay Airport Runway Overlay



Transport capital and operational funding not a new issue

National Growth phase: before the National Airports Policy (NAP) and the National Marine Program, the federal government took direct responsibility for most Canadian airport and ports operations and capital.

However, airports and ports were inadequately funded. Major communities pushed for change with airports to correct this.

NAP came first: provided possibility of new means of funding for airport capital.



A Winning Business Case





Changing Requirements





Base Analysis Requirements

The base analysis remains financial and engineering analysis

The Proponent must show that the project can be engineered for the proposed budget and that the budget can be financed by the applicant

Senior governments looking for joint commitment, and investment of local party



Movement towards TBL

Requirements for analysis vary by province, but analysis migrating towards a Triple Bottom Line (TBL) approach

TBL approach approved by UN in 2007

Highway analysis already requires a detailed MAE approach

Federal and provincial govt's developed **full cost accounting** analysis in response to this need





The Base: Economic

This is the most common requirement

- Measured through economic development in
 - Jobs
 - Wages
 - GDP
 - Output
- Often must show impacts on targeted economic sectors



The Base: Environmental

Current Model, **no worse off.** Basis for Environmental Assessments

Model we are moving to, **reduced environmental impacts.** Requirements for

- Significant Obama stimulus spending
- Building Canada funds in Ontario



The Base: Social

This analysis is not generally required for projects now because social benefits from projects are assumed

- Measures include
 - Safety
 - Net government spending benefits
 - Noise
 - Community Support
 - First Nation impacts
- Anticipate providing explicit social benefits in the future



Facilitation: The Final Ingredient

Projects require senior government and business support, and grass roots community support.

- This means that facilitation must support both
- **Top-down** (traditional) and
- **Bottom –up** (grassroots)
- Senior government seeks grass roots support by pushing support requirements to the municipal level



Comments

**New opportunities for funding exist but
Requirements for obtaining it are
becoming more complex**

The logo for InterVISTAS, featuring the company name in a white serif font on a black rectangular background. A red curved line starts from the bottom left of the black box and extends towards the right.

InterVISTAS

The background of the slide is a blue-tinted photograph of a mountain range with snow-capped peaks. Overlaid on this image are several white and red lines, including a solid red curve that starts from the bottom left and rises towards the top right, and a white dotted line that follows a similar path but is lower and ends with a small white dot.

strategic
transportation
& tourism
solutions

Thank You

www.intervistas.com