

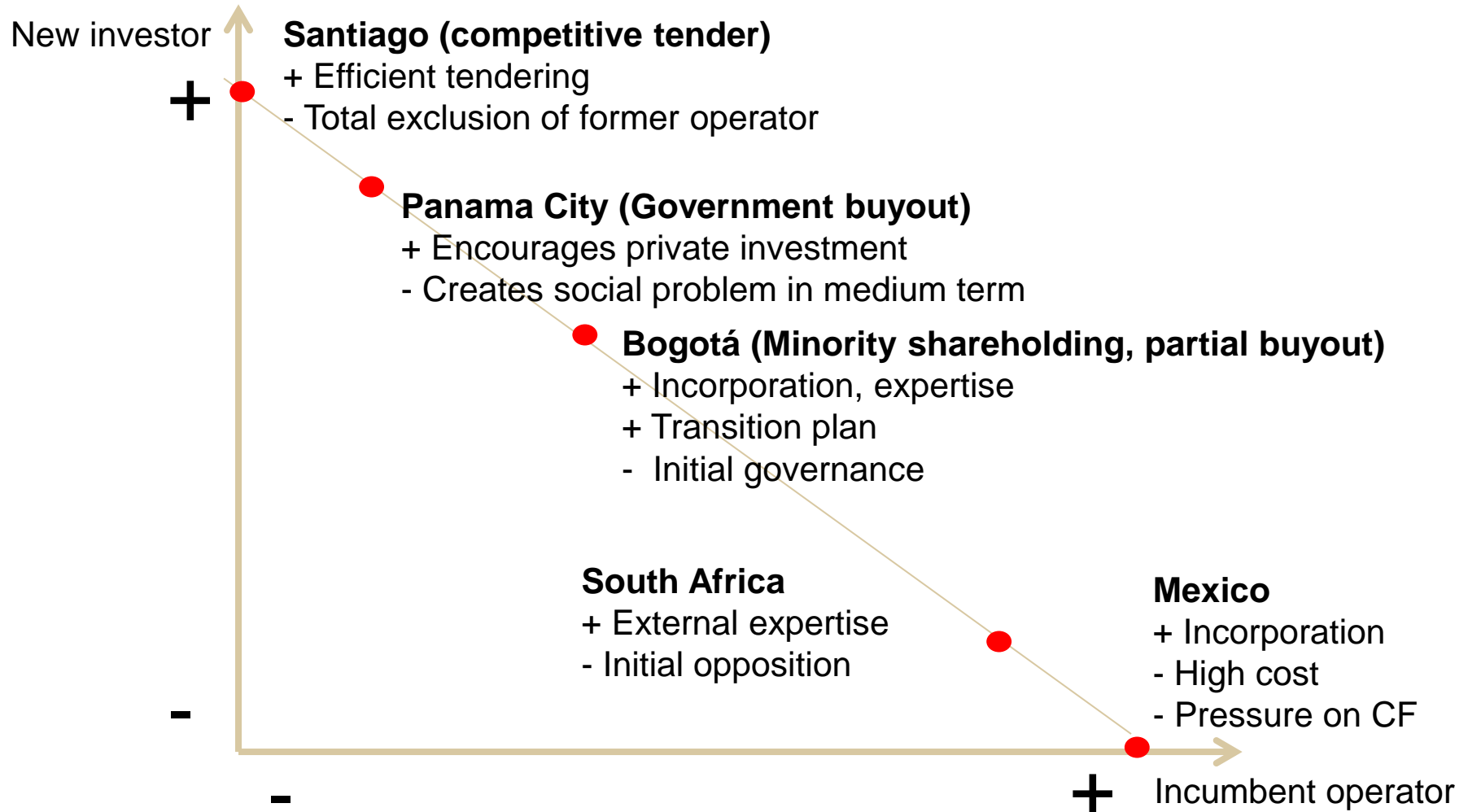


LISTEN TO YOUR CITY – KEY SUCCESS FACTORS

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Managing incumbent operators



Scrapping schemes for old fleets

It is key to remove existing old fleets from the streets when implementing a new BRT:

- It is in the public interest to protect passenger safety and the environment.
- BRT assigns exclusivity in the operation of a bus line so there is a legal dimension (exclusive rights) and an economic dimension (profitability of the new BRT).
- However, removing existing buses (and their permits) has political implications as incumbent operators may feel they have *historic* rights.
- In the end, incumbents want to protect their assets (older buses) and livelihoods (operation rights even when they are expired).

An inclusive, win-win approach is preferred in order to align stakeholder interests.



Participation of incumbents

Treatment of existing fleets by city

City	Participation of incumbents	Treatment of existing fleets
Santiago	Former permits ceased to exist	?
Bogotá Phase 1	Former permits ceased to exist Incumbents participated in new tenders in equal terms Affected operators reassigned to other BRT lines	Winning bidder had to buy from old bus market 2 buses per new articulated bus at market price.
Bogotá Phase 2	Bidders were given extra points if incumbents included in shareholding in new company. BRT companies internally developed human development programs for incumbents.	Winning bidder had to buy from old bus market 7 buses per new articulated bus at market price. More viable due to minority shareholding by incumbents.
Mexico City	Incumbents took over new BRT company provided they gave up their existing permits and scrapped their minibus. An incentive of USD7.5k per minibus to be destroyed was provided by City Government, earmarked to the acquisition of the new fleet.	Minibuses destroyed as condition to enter new company.
Panama City	The government provided a cash compensation to existing operators to give up their buses and permits as affected parties. The market was "cleaned" for the entry of a new operator coming from an international tender.	The purchased obsolete rolling stock was put out for bid for destruction (best price per ton) by the government.



Stakeholder benefits and risks after BRT (clue for support or opposition)

	Benefits	Risks
Government	<ul style="list-style-type: none"> • Positive impact in public opinion • Infrastructure investments are productive 	<ul style="list-style-type: none"> • Has to negotiate with incumbents • Risks of protests, suits, and street blockades • Has more active involvement for system success; may imply subsidies in OPEX later.
BRT operator	<ul style="list-style-type: none"> • Operates new service, brings in new business 	<ul style="list-style-type: none"> • Unfair competition for incumbents • Lack of enforcement by government after implementation • Revenue risk • Operational risk
Incumbent operator	<p>If part of new BRT company:</p> <ul style="list-style-type: none"> • Professionalization • Creditworthiness • Heritage to descendents 	<p>If not part of new BRT company:</p> <ul style="list-style-type: none"> • Displacement from pre-existing operation • Loss of political power, disenfranchisement <p>If part of the new company:</p> <ul style="list-style-type: none"> • Subject to new governance
Passengers	<ul style="list-style-type: none"> • Improved service • Better travel experience • Sustainable mobility 	<ul style="list-style-type: none"> • Adaptation to new service • Less frequent service
Financiers	<ul style="list-style-type: none"> • Stable repayment due to escrow account with due legal/business arrangement • A new sector has creditworthiness 	<ul style="list-style-type: none"> • Lack of enforcement by government after implementation



Key Success factors

- Strong political drive
- Single responsible agency
- Policy creation & complimentary initiatives
- Management of incumbents
- Cooperation with specialized BRT
NGO's

