

Session: Maximizing Revenue Generation from Transportation Assets Unlocking the Hidden Value in Your Assets

# Missing opportunities for revenue generation and cost savings?





#### **Opportunities exists in every agency's portfolio**

Virtually every public agency's portfolio holds some revenue generation, risk transfer, or innovation opportunities:

| Example asset classes   | Value capture opportunities  |
|---|--|
| <ul> <li>Transportation/Transit</li> <li>Operations and Facilities</li> </ul>   | <ul> <li>Revenue enhancement examples:</li> <li>Naming rights, sponsorship, advertising</li> </ul>   |
| <ul> <li>Road/highways, airport,<br/>bridges, and port</li> </ul>   | <ul> <li>Licensing or use fees</li> </ul>  |
| <ul> <li>Bus, rail, fleet, and ferry</li> <li>Social Infrastructure Portfolio         <ul> <li>Housing, healthcare, courthouse corrections, education, public buildings, solid waste and water treatment</li> </ul> </li> </ul> | <ul> <li>Third party usage of public assets (rights to lay fiber, e.g.)</li> <li>Tolling and parking</li> </ul>  |
|   | <ul> <li>Leveraging real estate/joint development</li> <li>Retail and concession revenue opportunities</li> </ul>                                      |
|   | Asset efficiency examples:   |
| <ul> <li>Information Technology</li> </ul>  | <ul> <li>Innovative project finance and delivery options</li> </ul>  |
| <ul> <li>Hardware, data storage,<br/>software and deployment</li> </ul>   | <ul> <li>Operations and maintenance and lifecycle</li> <li>Strategic coursing</li> </ul>   |
| <ul> <li>Renewable Energy         <ul> <li>Net metering, generation</li> </ul> </li> </ul>  | <ul> <li>Strategic sourcing</li> <li>Revenue/payment processing opportunities</li> <li>Resources/personnel/tools (training, fleet, IT etc.)</li> </ul> |

## Examples of revenue generation and cost savings

Ferry O&M



**Facilities Management** 

## MBTA underutilized real estate assets generates value of \$975M.

MBTA has generated more than \$325 million of non-fare revenue and more \$650 million of cash and non-cash value from underutilized real estate assets

illboards

\$975M. \$325 million \$650 million om ets
Cell Towers
Cell Tower



#### Asset Scan is a comprehensive approach.....

#### What is the Asset Scan?

- The asset scan identifies opportunities to optimize current assets:
  - Raise new revenue and/or
  - Reduce operational costs
- Key benefits of the asset scan includes:
  - New sources of revenue
  - Dispose of surplus assets
  - Improve efficiency
  - Risk transfer to private sector
  - Create value for money
- The framework used to assess opportunities considers multiple aspects that include:
  - Fundamental e.g., legal, policy, stakeholders
  - Commercial e.g., technical feasibility, marketability
  - Financial e.g., investment, returns, incremental value



#### **Scan Criteria**

- What are the operational challenges and benefits?
- Is their market interest?
- What is the impact to the public and will there be acceptance?
- Does this provide incremental revenue or cost savings opportunities?
- Are their legal or public policy constraints?
- Can this be scaled-up over time?
- What is the timeframe for implementation?



#### Maximizing value through a tailored approach



#### **Implementing Asset Scans**

As states respond to growing infrastructure needs and budget shortfalls, an Asset Scan can help to maximize revenues and reduce cost of service delivery.



### Findings from ongoing DOT Asset Scan



| #    | Asset  | Approximate Cost Savings/ Revenue Opportunities   |
|------|--|---|
| 1    | Surplus Land Disposition                                   | \$28 million total book asset value   |
| 2    | Encroachments (includes revenues from #10, #11, utilities) | \$15 million – \$39 million per year  |
| 3    | Traffic Management Centers                                 | \$3 million per year  |
| 4    | 511  | \$1 million – \$2 million per year  |
| 5    | Ferry Operations and Maintenance                           | \$8 million per year  |
| 6    | IMAP Vehicle Sponsorship                                   | \$800,000 – \$2.2 million per year  |
| 7    | Rail   | \$1.1 million per year  |
| 8    | Ferry Shipyard   | \$500,000 – \$1 million per year  |
| 9    | Solar Energy   | \$1 million net present value   |
| 10   | Cell Towers  | \$5 million – \$11 million per year   |
| 11   | Ferry Revenue  | \$82,000 – \$145,000 per year   |
| 12   | Highway Lighting   | \$50,000 – \$100,000 per year   |
| 13   | Fleet Management   | \$14 to \$35 million per year; \$35 to \$36.7 million one-time revenue from disposition |
| 14   | Facilities Management                                      | TBD (More data needed); Benchmarks indicate \$9 million to \$35 million savings         |
| 15   | Dredging Operations  | \$550,000 to \$830,000 per year; \$7 million in one-time cost savings                   |
| 16   | Fuel   | TBD (less than \$1 million)   |
| 17   | Highly Reflective Sign Sheeting                            | TBD (less than \$1 million)   |
| 18   | Asset Management   | 5% to 20% Cost Savings from domestic and international benchmarks                       |
| Tota | Opportunities (Assets 1-9, 11-17)                          | \$115 million – \$165 million   |
| Tota | Recurring (Assets 2-8, 14, 18)                             | \$43 million – \$91 million per year  |

### **Scanning for opportunities**





#### **Questions and discussion**





#### **Contact Information**





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