Public private cooperation in sustainable city development - the case study of public-private partnership in railway station area regeneration project

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Study justification and background

- Degradation of urban areas is a typical problem of many cities.

The activities included in the process of regeneration are aimed at solving the problem in its:
- social,
- economic,
- urban planning dimensions.
**Study justification and background**

The city is:
- a cultural space of different values,
- an area of business life,
- a product of planners and architects.

Successful regeneration:
- better quality of life for the residents,
- stimulate the economy,
- restore spatial order.

Public-private partnership and social participation of the city stakeholders (local community, entrepreneurs, companies, local government)

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**Study justification**

1. Actual problems of cities:
   - shortage of investment funding,
   - deterioration of buildings,
   - social pathologies,
   - the citizens dissatisfaction of the amount and quality of infrastructure.

2. Potential represented by public and private sectors cooperation that respects the principles of sustainable development.
Interrelated problems

• Limited public budget.
• Successful cooperation requires identification, understanding and respect of the partner's motives and behaviour.

The aim of the article

• identify the dimensions of public private arrangements
• show their application in the process of urban regeneration on the example of two railway area regeneration case studies
  – in Sopot (Poland),
  – in Melbourne (Australia).
**Case study choice reasoning**

- the type of the project (regeneration),
- procurement (public private cooperation),
- former use profile of the site (railway station)
- future use profile of the site (railway station and commercial facilities).

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**Presentation outline**

1. Dimensions of private public cooperation.
2. International experience & opportunities of public private cooperation.
3. Focus on railway station area projects.
4. Public private cooperation in Australia.
5. Public private cooperation in Poland.
6. Summary and conclusions.
1. Dimensions of private public cooperation

Dimensions of private public cooperation (cd)

<table>
<thead>
<tr>
<th>Scope of contract</th>
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2. International experience & opportunities of public private cooperation

<table>
<thead>
<tr>
<th>Country/Sector</th>
<th>Roads</th>
<th>Urban railways</th>
<th>Heavy Railways</th>
<th>Housing</th>
<th>Accommodation</th>
<th>Sports &amp; leisure</th>
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International experience & opportunities of public private cooperation (cd)

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<th>Sports &amp; leisure</th>
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<td>D</td>
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</tbody>
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- without particular PPP legislation:
  - United Kingdom, Germany, Slovakia, Austria, Australia,
- the legislation has been proposed:
  - Italy, Lithuania, Estonia, Hungary,
- the comprehensive legislation or sector specific legislation:
  - France, Czech Republic, Latvia, Poland.
3. Focus on railway station area projects

<table>
<thead>
<tr>
<th>Country/financing</th>
<th>Central budget</th>
<th>Local budget</th>
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<tr>
<td>Hungary*</td>
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</table>

4. Public private cooperation in Australia

Goggle maps
**Southern Cross Station**

![Image](Exploreaustralia.net.au)

**Project scope and financing**

- rail modifications,
- signaling upgrade,
- commercial development (shopping plaza, a supermarket, offices, apartments and a hotel)
  - with proper care of heritage issues
- 430 million euro
Southern Cross Station project

5. Public private cooperation in Poland

5. Public private cooperation in Poland
Sopot

Tripadvisor.com

Sopot Railway Station

Mojsopot.pl
**Project scope and financing**

- building twin-storey underground car parks with access roads and a street-level car park,
- modernizing the existing road network, including the construction of two roundabouts,
- redeveloping the green areas and landscaping the roof surface of the underground car parks,
- building a two- or three-star hotel and another six facilities (retail and services).

- 60 million euro

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**PPP organization with SPV**

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Finance provider

City of Sopot
PKP S.A.
Private Partner

Financing

PROJECT COMPANY

Charges

PPP contract & contribution

Users

Designer

Constructor

Operator
```
6. Final conclusion

- Worldwide, public private partnership projects are growing in size as governments cannot afford to finance all necessary investment.
- The financing of investment projects and operations of railway stations should be diversified:
  - state budget, carriers' fees or the resources of the managing entity,
  - proceeds generated by commercial operations within the passenger terminals, local government subsidies and public-private partnership.

Final conclusion (cd) - legislation

Sopot CS
- The relations between the local authority and the private investor are largely based on procedures resulting from the Polish system of legislation.

Melbourne CS
- There are guidelines, which focus on whole-of-life costing and full consideration of project risks and optimal risk allocation between the public and private sectors.
**Final conclusion (cd) – scope of project**

<table>
<thead>
<tr>
<th>Sopot CS</th>
<th>Melbourne CS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• cover a number of different tasks varying in terms of the risk involved in financing them</td>
<td>• Involved multiple different real estate and have been completed within single SPV.</td>
</tr>
<tr>
<td>• Each individual task within the project carries a different risk and it may be difficult to find an investor and a lender ready to accept the entirety of such risk?</td>
<td></td>
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</table>

**Final conclusion (cd) – financing**

<table>
<thead>
<tr>
<th>Sopot CS</th>
<th>Melbourne CS</th>
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<tbody>
<tr>
<td>• highly geared</td>
<td>• loans and bond issues</td>
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<td>• debt and European Union funds</td>
<td>• 430 milion euro</td>
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<td>• 60 milion euro</td>
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</table>
**Finally closure of the presentation**

- The different countries, different legal and financial determinants lead similarly to public private cooperation, however the detailed solutions have been different.
- In both cases the regeneration have been perceived as:
  - a chance to respond to the strategic status of the transport and
  - to be a catalyst to encourage city sustainable development that comprise economic, social and environmental concerns.

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**Thank you for the attention.**

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