Public Parking

44. Challenging Case: Automated Multi-level Car Park, Connaught Place, New Delhi, India

Photo Credit[95]

Background

Connaught Place, located in the heart of New Delhi, India, is one of the city's busiest markets. The increasing number of vehicles visiting Connaught Place, however, was straining the existing road and causing congestion due to unauthorized parking. To ease the congestion, the New Delhi Municipal Council (NDMC) decided to construct automated multi-level parking lots in Connaught Place using a PPP.

Project Structure

NDMC awarded the project to DLF, one of India's largest real estate developers. DLF undertook to design, finance, construct, and operate the automated multi-level car parks, called "CAPITOL POINT," under a 30-year concession, at the end of which the car parks would be transferred to NDMC. The CAPITOL POINT would be an 11-floor, state-of-the-art, automated car parking system with a capacity of 1,408 vehicles, equipped with technology, such as car lifts, pallets, and computerized control systems that could operate 24/7. The building would also have commercial units and office space on its first two floors. The project cost was estimated at INR 1.2 billion (USD 17.1 million).

NDMC assumed responsibility for site-related risks, including acquiring permission for the installation of enabling infrastructure, providing space, and undertaking civil repair and resurfacing works, if required. The private concessionaire accepted most other risks, including for financing, demand, operation, and maintenance.

DLF would pay NDMC about INR 2.2 million (USD 31,325) per year as a lease payment for the space provided. DLF would derive its revenue from the car park user fees collected, as set by the municipality (about INR 10 (USD 0.14) per hour, per car), and rental fees for the commercial units and office spaces.

Lessons Learned

The multi-level car park opened in June 2012. As of 2017, the parking lots were reportedly under-utilized, with less than 15-20 percent of the space being used. This may be due to customers preferring to park on the roads. Reports indicated that the facility was not very user-friendly, noting that it took more than 20 minutes to get to the parking lot and retrieve a car. News reports also indicated that DLF had difficulty correcting for the lower than expected demand. NDMC reportedly suggested using the traffic police to enforce regulations against illegal parking on the streets, to direct more people to use the parking lot.

This project highlights the following:

- It is important that the PPP project design suitably takes into account end-user needs, preferences, and alternatives. This includes considerations related to the asset design and function, accessibility of the location, affordability of fees, and cost-benefits as compared to other options. Demand should not be taken for granted. During project preparation, the municipality should engage with prospective end-users to understand how their needs can best be met.

[95] Klaus Nahr from Germany (https://commons.wikimedia.org/wiki/File:0285_New_Delhi_-_Connought_Place_2006-02-10_15-20-35_(10542560745).jpg), „0285 New Delhi - Connought Place 2006-02-10 15-20-35 (10542560745)", https://creativecommons.org/licenses/by-sa/2.0/legalcode

[96] Shrangi, Vatsala. 2017. "Delhi's Hi-Tech Ghost Parking Lots." *DNA News*, January 21, 2017. https://www.dnaindia.com/india/report-delhi-s-hi-tech-ghost-parking-lots-2294616;

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- The public partner should remain an active and supportive partner even after a PPP project enters into operation by the private partner, as it is ultimately the public authority's responsibility to deliver necessary services to the public.

Where obstacles to effective implementation arise, the public partner should be actively involved and prepared to provide all reasonable assistance to promote the project's success.[96]

45. Underground Parking and Commercial Services Center, San Borja, Peru

Photo Credit[97]

Background

The district of San Borja, a vibrant center for commercial activity in Lima, Peru, was facing a significant deficit in public parking. To help alleviate this problem, the district elected to pursue a PPP to deliver much-needed underground parking.

Project Structure

The project emerged from an unsolicited proposal that the private partner proponent indicated would be self-financed, meaning the project was expected to generate its own revenues sufficient to recover costs and provide a suitable rate of return without any public financial contribution or guarantees. The proposed contract covered a period of 32 years and the project had an estimated investment value of USD 13,479,600.

Under the project agreement, the private partner would undertake to design, finance, build, operate, maintain, and transfer a facility comprising 14,320 m^2 of underground space that would function as a three-story parking and service center. The space is located below a public park and the completed facility would include 353 parking spaces (9,160 m^3) and commercial enterprises, such as banks and pharmacies (5,180 m^3). It has been estimated that 2,800 vehicles would use the parking center on a daily basis. It also has been estimated that the construction phase would create between 600 and 800 jobs and that, thereafter, the project would create about 40 permanent jobs.

The proposed contract would entitle the municipality to an eight percent share of the gross income, before sales tax, from the parking fees and rental income from commercial space. The private party would have the exclusive right to set and negotiate prices for both the parking and commercial rental operations.

Two concession agreements, one concerning construction of the parking and service center and another concerning the usufruct and surface rights, were approved by the municipal parliament for signature on 18 December 2018, but the contract signing has yet to be confirmed.[98]

Lessons Learned

This project highlights the possibility of optimizing limited space in dense, urban areas by considering underground development projects. It further highlights how municipalities should think broadly when considering potential sources of project revenues. A public parking garage, for example, may be designed to include commercial spaces that can create additional revenue streams, in the form of commercial leases, and make the project more attractive to end-users, who can benefit from the conveniently located commercial services.

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[97] Photo in the public domain published by Roger Haro, https://en.wikipedia.org/wiki/File:San_Borja_Sur_1.JPG

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