

are limited to a maximum of 349 months and represent less than 5 percent of the municipality's revenues and approximately ten percent of its current expenditure, in accordance with the prevailing law. To enhance its creditworthiness, the municipality incorporated a fideicomiso (trust account) and opened a contingent line of credit, guaranteed by federal funds, to back the monthly installment payments.

Lessons Learned

The construction works of this project were completed on 17 January 2012.¹⁰⁶

It should be noted that the governing legal framework for this project involved three regulatory instruments: i) the city council's internal regulation; ii) the municipality's governance and public administration regulation; and iii) the municipality's investment and service provision projects regulation. A regulation that specifically addressed the possibility of entering into a PPP did not originally exist, but one was enacted to allow this project to move forward.

In addition, the municipality's regulations did not contemplate definite mechanisms or institutions for the representation of opposition political parties or civil society in the project's development.

However, for this project, the project concept was formally approved by all political parties' representatives, which helped ensure more stakeholder support for the project.

While many of the public servants involved in pursuing this project had education and experience in project management and finance, the project structuring and technical preparation required the participation of external experts and advisors. As this shows, even well-staffed and experienced municipalities may benefit from qualified, outside technical assistance in preparing and delivering PPP projects.

Finally, this project benefited from the level of detail with which the municipality identified and understood its needs and objectives, which were reflected in the tender documents. This provided a basis for private participants to enter and deliver the administrative center in accordance with clear and reliable objectives and standards.

¹⁰⁶ Pineda, Carlos A. R. *Case Study on Public Private Partnerships for the Administrative Center Tlajomulco (CAT), in the Municipality of Tlajomulco de Zunig, Jalisco, Mexico*. Jalisco: CCA, 2013. Accessed May 13, 2019. http://www.cca.org.mx/ps/funcionarios/muniapp/descargas/Documentos_de_apoyo/informaciontematica/capp/Caso_APP_Tlajomulco.pdf.

¹⁰⁷ J.-H. Janßen (https://commons.wikimedia.org/wiki/File:Dublin_Castle_Gates_of_Fortitude_and_Justice_05.JPG), „Dublin Castle Gates of Fortitude and Justice 05“, <https://creativecommons.org/licenses/by-sa/3.0/legalcode>

Photo Credit: https://commons.wikimedia.org/wiki/File:Dublin_Castle_Gates_of_Fortitude_and_Justice_05.JPG

50. Bundled Courts Project, Ireland



Photo Credit¹⁰⁷

Background

The Government of Ireland announced a bundled court PPP project as part of its EUR 2.25 billion Infrastructure Stimulus Package and Public Private Partnership Program in July 2012. The project involved the construction of new courthouse buildings in four locations and refurbishment and expansion work on existing courthouses in three locations.

The facilities covered by these seven priority projects were in poor condition and in urgent need of improvement, as identified by the Courts Service. The project aimed to help reduce waiting times and the costs of litigation. In addition, it was hoped that improvements in court buildings in locations around the country would enhance judicial service delivery through the use of improved facilities and technology.

Project Structure

The National Development Finance Agency (NDFA) published a contract notice and five expressions of interest were received for pre-qualification by June 2014. After analyzing these expressions of interest,

four consortia were shortlisted and, in October that year, the NDFA issued an invitation to submit bids. Following the receipt of the bids and after a detailed evaluation process, in June 2015 the NDFA selected BAM PPP PGGM as the preferred bidder.

The NDFA, as procuring agent on behalf of the Courts Service, awarded the concession contract to BAM PPP PGGM to design, finance, build, and maintain the seven courthouse facilities for a 25-year period. Under the contract, BAM Courts Bundle Limited, the project company created to deliver this project, would also be responsible for providing services such as: cleaning, building and asset maintenance, waste management, pest control, passive security, energy management, grounds maintenance, life cycle replacement (fixtures, fittings, buildings), and IT cabling and infrastructure.

The facilities range in size from 1,354 m² to 8,490 m² and total 36,872 m². Construction works reportedly cost EUR 154.5 million (USD 173.29 million) and began in early 2016. The financing structure is a fully funded solution structured and arranged by the Bank of Tokyo-Mitsubishi UFJ. Ltd. that includes senior debt provided by Mitsubishi UFJ, a private placement solution by Talanx Asset Management GmbH, and an equity contribution by BAM PPP PGGM.

The private partner is paid a monthly, unitary charge by the Courts Service. The construction and availability risks were allocated to the private partner, with no payment of the monthly charge

due until construction was completed and services commenced. These regular payments are also subject to availability- and service-based performance deductions.

Some of the courts are new facilities, while others required only refurbishment and extension works. Several of those in the latter category were protected structures that required intensive preservation work for historical conservation purposes. Furthermore, the courts are located in areas with possible archaeological remains, such that the private partner needed to obtain archaeological licenses for all seven sites prior to the financial close.

Lessons Learned

The courthouses were delivered throughout 2017 and 2018 and have entered into service. This has reported been regarded as a highly successful PPP arrangement.¹⁰⁸ This project highlights how innovative project structures, such as bundling multiple construction and rehabilitation projects into one contract, can leverage economies of scale for the design and construction of government facilities. In addition, bundling can help make the project more attractive to private investors and may help guarantee the same quality standards across the bundled projects.

¹⁰⁸ BAM PPP. 2019. "Irish Courts." BAM PPP. Accessed August 11, 2019. <https://www.bamppp.com/en/our-projects/irish-courts>;

Ryan, Brendan. "Courts Bundle PPP Project." Market Launch Presentation, Kilkenny Courthouse, May 13, 2014;

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