

- 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.<sup>96</sup>

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



Photo Credit<sup>97</sup>

Hindustan Times. 2012. "At Rs. 10 Per Hour, Connaught Place Gets its First Multi-Level Parking Lot." *Hindustan Times*, June 13, 2012. Accessed August 18, 2019. <https://www.hindustantimes.com/delhi-news/at-rs-10-per-hour-connaught-place-gets-its-first-multi-level-parking-lot/story-sXqIMhPjCOyWizw hKqTh6M.html>;

NDMC. *New Delhi's Municipal Council's Smart Parking RFP*. New Delhi: NDMC, 2016. Accessed August 13, 2019. <http://smartcities.gov.in/upload/tender/58a1a9148b320RFP-SMART-PARKING.pdf>.

<sup>97</sup> Photo in the public domain published by Roger Haro, [https://en.wikipedia.org/wiki/File:San\\_Borja\\_Sur\\_1.JPG](https://en.wikipedia.org/wiki/File:San_Borja_Sur_1.JPG)

<sup>98</sup> Municipalidad de San Borja. n.d. "Acuerdo de Concejo N 057-2018", "Acuerdo de Concejo N 004-2016", "Acuerdo de Concejo N 018-2015", "Iniciativas Privadas". Municipalidad de San Borja. Accessed November 27, 2019. <http://website.msb.gob.pe/index.php/component/search/?searchword=eco park&ordering=&searchphrase=all>.

#### 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<sup>2</sup> 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<sup>3</sup>) and commercial enterprises, such as banks and pharmacies (5,180 m<sup>3</sup>). 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.<sup>98</sup>

#### 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.