

# Government and Judicial Facilities

## 49. Administrative Center, Tlajomulco Municipality, Jalisco, Mexico



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### Background

The municipality of Tlajomulco de Zuñiga in Guadalajara, Mexico, needed a way to relieve the problems stemming from the sprawl of its public offices, which were in a state of disrepair, and to adapt to a growing population that was outpacing its capacity to provide adequate administrative services to residents. To this end, the municipality chose to pursue a PPP to deliver a new, central facility for the performance of its public administrative functions.

### Project Structure

The municipality solicited bids for a PPP, under which the private partner would design, finance, build, operate, and transfer the new Tlajomulco Administrative Center (CAT). Four bidders participated in the national competitive tender and Operadora Audaz S.A. was selected as the winner. A 30-year PPP agreement was signed on 24 February 2011 between the municipality and Desarrolladora Centro Administrativo Tlajomulco S.A.P.I. de C.V., the project company created for the delivery of the project.

The project risks were allocated as follows.

The municipality would be responsible for risks related to permitting, land rights and acquisition, archeological finds, demand, furniture and equipment replacement, and inflation. The private party would take on the risks relating to design, cost overruns, construction, operation and maintenance,

latent defects, and interest rates and financing. Both parties would share risks related to force majeure and change of law.

The project entailed the delivery of: (i) an administrative building with an area larger than 6,200m<sup>2</sup> (sufficient to accommodate more than 630 public servants and with a capacity to serve more than 2,000 visitors daily), including closed-circuit television, access controls, alarms, and automated systems; (ii) a multiple-use gymnasium with a capacity for 700 sitting or 1,500 standing visitors for cultural, sporting, social, and political events, to include a high-fidelity sound system, air conditioning, and multiple-use courts; (iii) external facilities, such as soccer pitches and a skating rink, and a 390-space parking area; and (iv) a road project involving the renovation of 7 km of main roads, bike routes, a modern water and sanitation system, and installation of traffic lights around the new administrative center.

The agreement provided for an initial up-front investment of nearly MXN 250 million (USD 13 million) by the private partner. In return, the municipality agreed to make monthly payments to the private partner of MXN 4.4 million plus VAT (USD 230,000). This payment consists of a monthly payment for the investment in facility construction, a payment for building management services (provided in an effective manner), and a payment for any variation in services. The monthly payments

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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.<sup>106</sup>

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.

<sup>106</sup> 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](http://www.cca.org.mx/ps/funcionarios/muniapp/descargas/Documentos_de_apoyo/informaciontematica/capp/Caso_APP_Tlajomulco.pdf).

<sup>107</sup> J.-H. Janßen ([https://commons.wikimedia.org/wiki/File:Dublin\\_Castle\\_Gates\\_of\\_Fortitude\\_and\\_Justice\\_05.JPG](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>

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## 50. Bundled Courts Project, Ireland



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### 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,