

UNDERSECRETARIAT FOR PARTNERSHIPS STATE GOVERNMENT OF SAO PAULO

17th edition

Secretariat for Projects and Strategic Actions

May 3, 2022

Urban Parks concession project: an auspicious beginning

On March 31, 2022, at the Brazilian Stock Exchange, B3, building, in São Paulo City, the State Government held a public session to open the envelopes and evaluate the proposals presented by the International Competition for the Urban Parks concession project, which involves the Villa-Lobos, Cândido Portinari and Água Branca parks.

There were 4 competitors in the bidding process, a relevant number for park concessions in Brazilian experience. The winning bid was BRL 62.7 million, representing a significant premium in relation to the minimum concession fee established.

The interest of the private sector in the project is another demonstration of recognition of the regulatory soundness that park concessions in São Paulo have been showing lately. It also emphasizes the clear evolution and maturity of the sector, which enable the development of projects with more sophistication and robust investments.

The winning concessionaire will be responsible for the operation of the three parks, the modernization of existing structures and the expansion of the supply of services. It will also take over operating costs, thus relieving the State of its expenses. The project has significant investment amounts for the sector: a mandatory Capex of BRL 61.6 million that can become even greater, depending on the choices of the concessionaire.

The project's success was only possible due to the intense dialogue with the organized civil society. There have been numerous meetings with the councils of the parks, reflections on contributions received in public hearings and consultations, and a lot of information exchange.

The process was undoubtedly long, but the outcome of the bidding showed that this is a resilient project, able to accommodate concerns of the neighbors of the parks, volunteers and

frequent visitors without harming public interest or technical and operational aspects of the concession.

This has been an auspicious beginning, but new challenges will arise from now on. The bidding was not an end in itself. The expectation is to see user satisfaction indicators of the parks – as well as the number of visitors – increasing, new developments emerging in underutilized areas and a harmonious relationship between the concessionaire and the councils and neighbors of the parks being built.

It will be up to the Government to continue working intensively on the inspection and management of the contract, an activity as (if not even more) important for the success of this concession model as the structuring of the project.

The State Partnerships Program has taken a big step in park concessions adding another emblematic project to its portfolio. São Paulo can be sure that, as the benefits of the projects already carried out become clearer to the public and the market, the sector will have a lot to grow and to contribute to society as a whole.

Edgard Benozatti

Financial Advisor at Undersecretariat for Partnerships.

Master in International Development and Public Policies at Manchester University.



In the picture, Villa Lobos Park. The three parks granted are located in the west of the city of São Paulo.

Latest News

São Paulo State Government comes to ultimate terms with CCR Group

The Ultimate Agreement between the Government and CCR was signed on March 31, 2022, involving the three concessionaires controlled by the group – AutoBan, ViaOeste and SPVias. The deal confirms the Preliminary Agreement signed on June 29, 2021, and determines the payment of BRL 1.2 billion in indemnities to the Government and BRL 2.3 billion in new investments and conservation works on the roads managed by the concessionaires, which amount more than 1,000 km.

The Agreement also includes an expressive reduction of unfavorable imbalances to the State and ends lawsuits that had been dragged on for years. In addition, it addresses regulatory liabilities that have been impacting concession agreements, fostering planning ability and predictability for new projects.

Government of São Paulo updates the North Rodoanel concession

Because of the internally and externally uncertain macroeconomic scenario and the rise in input prices, the Government has suspended the auction that would have taken place on April 27, 2022.

Despite the confidence in the quality of the project, external factors are demanding a reassessment of the contour of the model that had been published. It is a context of instability that has triggered a wide wave of project readjustments inside and outside Brazil. In the macroeconomic scenario, there has been a significant increase in the prices of inputs, such as asphalt concrete and bituminous material, distorting the projections of the costs involved.

With the suspension, the parameters for the North Rodoanel concession, including the conclusion of the works, will be updated by the technical advisory staff of the International Finance Corporation (IFC), from the World Bank Group, which will start a market consultation to reassess the process, aiming to increase competition.

Council approves ultimate modeling of Northwest Roads

Part of the 5th round of road concessions, the Northwest Roads comprise 600 kilometers of road stretches currently managed (i) by Triângulo do Sol – 442.2 km, covering the SP-310, SP-333 and SP-326 highways – and (ii) by TEBE – 158 km, covering the SP-326, SP-351 and SP-323 highways. This concession does not require the installation of new toll plazas; and will reduce the tariff base by 15%. In addition, there will be the Frequency discount system, available to users with an electronic payment system, ranging from 15% to 83%.

The main investments planned include road duplication of approximately 122 km and implementation of a third lane, shoulders, bike paths and marginal lanes. Among the innovations, the new concession will progressively implement the free-flow system in the lot granted. Publication of the bidding notice is scheduled for June 2022.

Council authorizes the opening of Public Hearing and Consultation for CITI II

At the 31st joint meeting, the Directing Council of the State Privatization Program (CDPED) approved the preliminary modeling and the opening of Public Hearing and Consultation for the second phase of the International Center for Technology and Innovation concession project (CITI II).

The project consists of creating an Innovation District – that is, a place dedicated to Science, Technology and Innovation (CT&I) – based on guidelines defined by the Secretariat of Economic Development (SDE) of the State Government. The objective is to catalyze the interaction among actors in the innovation ecosystem. The concession also demands investments to urbanize the area and install a bike path to interconnect the banks of the Pinheiros River and provide access to the District. The concessionaire will be allowed to economically exploit the area.

Undersecretariat for Partnerships participates in the P3 Awards and holds an international Road Show

The ceremony took place on March 23, 2022, in New York City. The Piracicaba-Panorama concession project (PiPa), structured by ARTESP, received High Commendation for Transport Project of the Year, and the Undersecretariat of Partnerships of the State Government was a finalist in the Organization of the Year (in the Public Sector) category. Undersecretary Tarcila Reis was also a finalist in the Individual of the Year category. In the same period, a roadshow regarding the Partnership Program was held with several relevant players in the infrastructure sector, such as Goldman Sachs, BlackRock, JP Morgan, among others.

For more information: www.parcerias.sp.gov.br

If you want to unsubscribe, send an email to parcerias@sp.gov.br, with the word 'cancelar'