Qom Railway station development using PPP model - Global experience: Prague main station

Seyed Mehdi Hosseini
RAI
Technical Deputy of Logistics Director Office
Qom Railway Station

Holly Shrine
Future Developments in Qom Railway Station

- Tehran Commuter Trains Developments
- Kermanshah- Khosravi Conventional Line
- Shalamcheh- Basreh Conventional Line
- Qom-Arak High Speed Railway
- Tehran-Qom-Esfahan High Speed Railway
- Kashan Commuter Trains Developments
The importance of development

Capacity

Network

Future Development Area

Mono Rail

Metro Line 2

Holy Shrine

Metro Line 1

Jankaran Railway Station

Gan Railway Station

Location

Number of Passenger: 2 million per year
Passenger Hall space: 600 m²
Development Plans

Passenger: more than 6 million per year for 2021
Required Space: more than 3000 m² (2400 m² should be added)
Financing Methods for project implementation

Traditional

Public-Private Partnership

Extent of Private Sector Participation

Low

High
Financing Methods for project implementation

- **Intrinsic land value**
  - Increases in land value due to population growth and economic development
  - Increases in land value due to public investment in infrastructure and changes in land use regulations
  - Increases in land value due to landowner’s investments

The government, on behalf of the general public, should keep this portion of the land value.

Public service providers should capture this portion of the increment to cover the costs of public infrastructure and local service provision.

Private land owners should profit from this portion of the increment.

Land buyers (or lessees) pay sellers (lessors) to obtain the property rights of land.

**Roadmap for development-based land value capture implementation**

- **Phases**
  - Planning & design
  - Land coordination
  - Development
  - Operation & maintenance
  - Regeneration

- **Key methods & tools**
  - Master plan (urban)
  - Financing & capital investment plan
  - City/town land-use codes & regulations
  - Site plan
  - Development of transit agency in urban planning & real estate business

- **Value addition**
  - Public land
  - Train depot
  - Large parcel
  - Few owners
  - Etc.

- **Greenfield**
  - New
  - Re-development
  - Built-up district

- **Operate & maintain**
  - Transfers of properties + TOD infrastructure
  - Land ownership

- **Assessment**
  - New First
  - Existing

- **Impact**
  - Economic
  - Demographic
  - Urbanization pattern
  - Transportation
  - Real estate markets

**Major inherent conditions**

- Economy
- Demographic trends
- Urbanization pattern
- Transportation
- Real estate markets

**Note:** FAR = floor area ratio; O&M = operation and maintenance; TOD = transit-oriented development.

Reference: Financing TOD with Land Value- World Bank Group
Financing Methods for project implementation

Public-Private Partnership

Traditional

How???

Land Value Capture

The Lack of Governmental Funds

Regulation in Constrain in the Country

Laws &
Appropriate PPP model for railway projects in Iran

- Reduction of changes in laws
- Paying the bills from the government
- Increase of the applicability of government guarantees
- Ease of receiving loans
- Ease of receiving related insurances
- Being clear in the ownership of project
- Supply of quality and standards
- Supply of equipment
- Selection of appropriate private sector
- Environmental preservation
- Ease of maintenance and repair
- Decrease of operating costs
- Commitment of the parties to their obligations
- Proper distribution of authorities and responsibilities between parties
- Increase of project profitability

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<th>Prioritization of PPP Contracts</th>
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Reference: (result of an essay done by Noorzai, Gharooni, Golabchi and Hamedi from University of Tehran and Toronto)
Open in 1871
610 daily trains
8 Platforms
53 million Passenger
Access to Line C of Metro
Key Terms of PPP deal

- The Czech Railways ("CD") was seeking for a professional subject able to renovate and manage their major hub: Prague Central Station.
- Based on selection process, CD signed with Grandi Stazioni a Long Term Concession Contract (40 Years) in respect of Prague Central Station, on Dec. 2003,
- Grandi Stazioni invests in the refurbishment of the Station and then manages that vs its right to commercially exploit the premises,
- Grandi Stazioni pays a Concession Fee to CD.

Reference: PPP model for refurbishing and managing Prague central station- Next Station 2013
What happened?

- GS was awarded a 30-year concession by ČD in December 2003
- Began renovation in 2006
- First part was opened in 14 April 2011
- Work on the older part of the building faced problem
- Target completion date of 2013 was extended by three years to October 2016
- GS had requested a further extension of the deadline to autumn 2018
- On October 6 2016 SŽDC gave notice that the lease would be terminated
What should we do?

- Do enough study
- Have a technical study for historical buildings
- Have a complete market research study
- Focus more on time schedule & cost estimation
- Choose the appropriate financing method for the project
- Clear all the misunderstanding in contract
- Get to know all the important Stakeholders
Thank you for your kind attention