

11th International Forum on Urban
Competitiveness, New York, July 9-10,
2013

From Trash Disposal to Business District:
PPPs behind Santa Fe, Mexico City

Hotu Matua





Presentation

■ Objective

- To study the role of the federal government, the local government, and the private initiative in the design, planning and development of the business district of Santa Fe, in Mexico City

■ Contents

- Theoretical context about public-private partnerships
- Main public-private partnerships in Mexico
- Mexico City: urban growth and competitiveness
- The business district of Santa Fe
- Final remarks



Public-private Partnerships: theoretical context

■ Concept

- They are collaborative efforts between the public sector and for-profit or nonprofit organizations in the private sector to provide enhanced services to population, to accelerate economic growth, or to supplement government revenues (Becker and Patterson, 2005)

■ Dynamics of a PPP

- It differs depending on the following:
 - what purpose is expected to serve
 - The degree of financial risk assumed by the parties
 - The reward structure
 - The degree of involvement in development, operations, and ownership by the respective parties



Types of relationships between the partners

- Leader/follower
 - One party is dominant
 - Coordination of decisions exists
 - Cooperation does not approach shared decision making

- Exchange, or buyer/seller
 - Relationship is negotiated and competitive
 - Coordination of decisions exists
 - Cooperation does not approach shared decision making

- Joint venture
 - Decision making is shared
 - The purpose can be limited or open-ended
 - The length of the relationship can be from medium to long-term duration

- Full partnership
 - Decision making is shared
 - The purpose is normally broad and open-ended
 - The length is normally long-term

Shaeffer and Loveridge, 2002



Main PPPs in Mexico

- Joint ventures for productive investment
- Buyer/seller for infrastructure
- Leader/follower for public services
- Leader/follower for real estate-related development



Main PPPs in Mexico

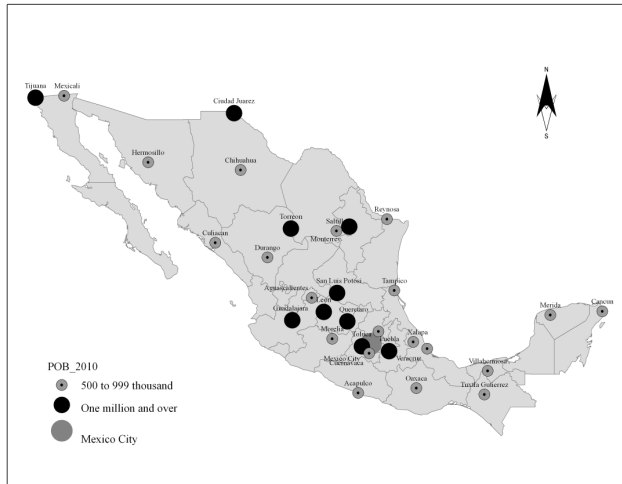
- Joint ventures for productive investment (1996)
 - Deferred Impact Status Projects (PIDIREGAS)
 - To support priority infrastructure projects such as oil platforms, dams or power plants (oil and electricity strategic sectors)
 - Process as follow: i) private sector pays for infrastructure construction; ii) infrastructure is delivered to the national companies (PEMEX, CFE), and iii) revenues generated by the infrastructure are used to pay for investment and interests
 - The amount was 12 billion dollars in 2012, 23% of the federal public investment, and 0.9% of the GDP

- Buyer/seller for infrastructure (late 1980s)
 - Projects for the provision of services (PPS), upon the UK's Private Finance Initiatives (PFI)
 - Contracts for the provision of long-term services, such as toll roads and hospitals
 - Process as follow: i) private sector is responsible for the construction, maintenance and facilities; and ii) public sector is responsible for service provision and paying dividends to the private sector

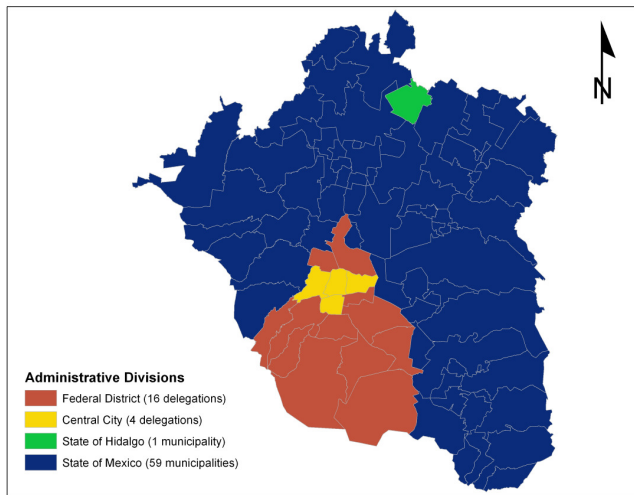
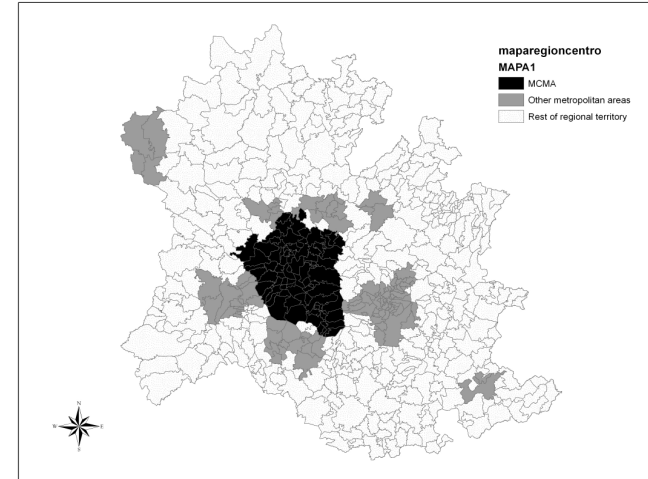


Mexico City: geographical scales

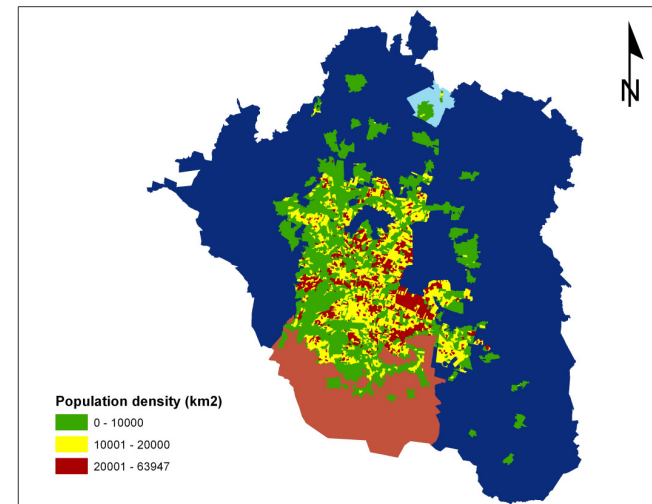
National



Central Region



Politic-administrative divisions



Population distribution



Global Urban Competitiveness

- Index coordinated by Ni Pengfei and Peter Kresl (GUCP)
- 500 cities, 52 variables, 7 indicators
- Statistical procedure: principal components analysis, nonlinear weighted values

Comprehensive Competitiveness Ranking			
City	2011-2012	2009-2010	2007-2008
Tokyo	3	3	3
New York	1	1	1
London	2	2	2
Paris	4	4	5
Mexico City	76	73	63
Buenos Aires	106	105	89
São Paulo	141	147	140

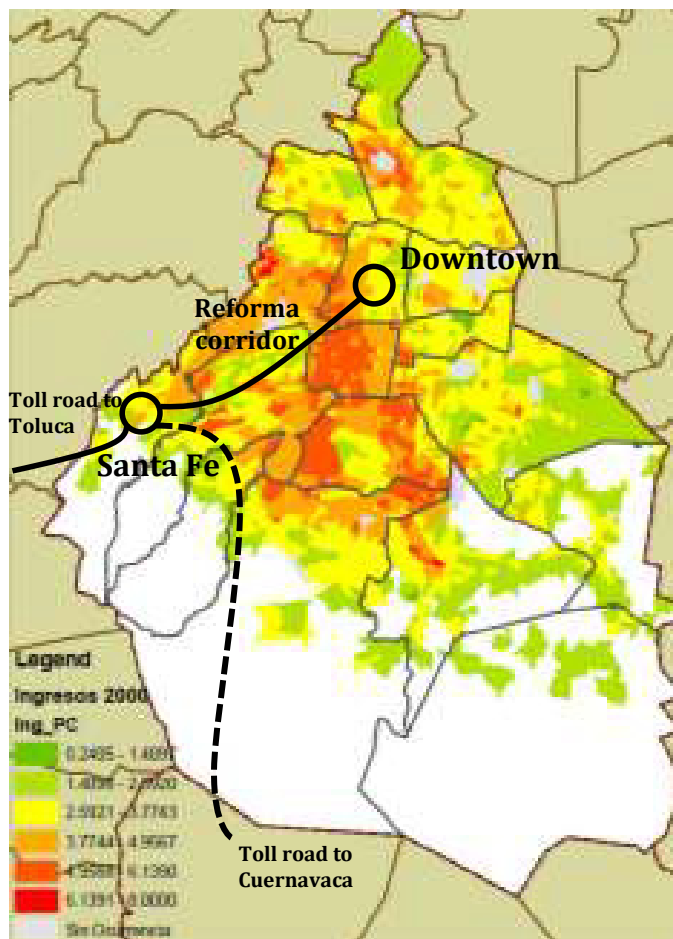


National urban competitiveness

- Benchmarking exercise: accumulation of competitive advantages over time (GDP, GDP-PP, Growth, Quality of life, Employment rate)
- Short to medium-run analysis: capacity of attracting productive investments (change on manufacturing, retail, producer services and productivity)

City	Benchmarking 1998-2008	Short to medium-run 1998-2008
Mexico City	8	20
Guadalajara	9	28
Monterrey	1	22
Tijuana	17	27
Cd. Juarez	16	31
Acapulco	31	14
Cancun	14	21

Location of Santa Fe



- To the West of Mexico City
- 15 miles from downtown
- Rugged terrain and canyons
- Surface from two Delegations





Origins of Santa Fe

- The first settlement in the area was a town-hospital, founded by Vasco de Quiroga in 1537, following the Tomas Moro's utopia ideas
- At the beginning of the XXth Century, sand mines were uncovered in the area
- An open pit garbage dump began in 1958
- During the early 1980s, some politicians and private developers saw Santa Fe as an opportunity area for great development



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Development and PPPs

- In 1982, the government of the Federal District initiated the purchase of 417 hectares (1,030 acres)
- In 1984, the federal government expropriated 426 hectares (1,052 acres)
- Land management was from Servicios Metropolitanos (SERVIMET), a local government agency
- In 1987, SERVIMET declared Santa Fe as special zone for controlled development
- Local government and private agents formulated the Santa Fe urban project



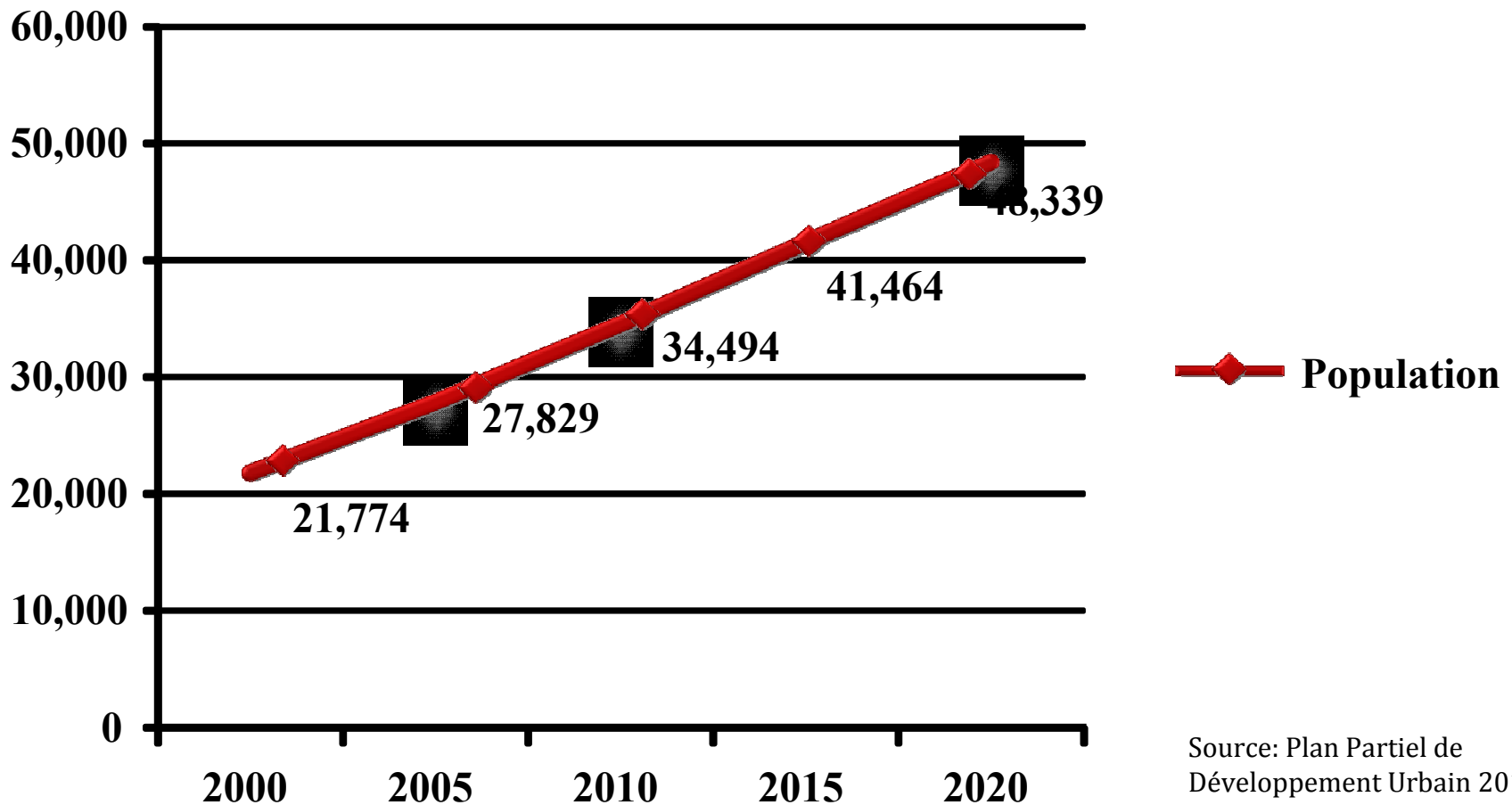


Development of Santa Fe

- First stage (1988-1994): large industrial and real estate national groups built a private university, a great shopping center and a corporative park
- Second stage (1995-): four axes: i) construction of road infrastructure; ii) construction of buildings for offices; iii) production of housing for high-income households, and iv) continuing in occupation of the corporative park



Population growth, 2000-2020



Source: Plan Partiel de
Développement Urbain 2012.



Itinerant population

Itinerant population	Population
Permanent jobs (2009)	78,000
Temporary jobs (2009)	40,000
Average daily visitors (2010)	100,000
Students (2011)	15,000
Approximate daily influx	233,000

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Statistics of the area

- Total surface: 932 hectares (2,300 acres)

Land use	Surface (hectares)	Percentage
Roads	192	20.6
Green areas	266	28.5
Housing	133	14.3
Corporative parks	41	4.4
Education services	16	1.7
Commerce	33	3.5
Equipment	57	6.1
Mixed land use	21	2.3
Vacant land	173	18.6
Total	932	100.0



Ricardo Salazar H



Main problems

- Proliferation of informal settlements, lacking of basic infrastructure and equipment
- Complicated road structure, because of topography
- Huge congestion problems, especially for the lack of enough and efficient public transportation system
- Disarticulation of urban functions
- Unbalanced economy
- Diminished attractiveness due to insufficient public transportation, and very high housing prices (around 300 dollars per square feet) and offices rent (six dollars per square feet monthly)



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Final remarks

- Santa Fe is the main example in forming PPPs in Mexico to promote local economic growth
- The project arose as an initiative from the federal government, the local government, and an interdisciplinary group of architects, urban planners, engineers and businessmen
- The PPPs have had, for one side, the federal government, or the local government, and for the other side private actors either from large companies or from enterprises founded *ex professor*
- The majority of the relationships have been with a leader role by the government, and a follower role by the private sector
- The low and medium risk assumed by private sector have been compensated with medium and high profits
- Santa Fe has urban challenges, which must be resolved













Thank you

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