

CONCLUSIONS

REALLOCATING LAND USE BY CREATING A TRANSPORT NODE

New urban infrastructure
New public spaces



FOR THE CITIZEN

Economic development WITHOUT USING PUBLIC RESOURCES



A unique PPP

MEXIPUERTO
CIUDAD AZTECA

120,000 daily users

2 INDIVIDUAL TRIP
(OVERLAP)



ALIGNMENT OF INCENTIVES



Benefits the user



These kind of projects are possible thanks to:

- Well defined property rights
- Order and regulation
- Risk minimization (diversification)
- Proper land use



With this type of PPP

Private Investment could **REPLACE** a Public one

with a huge

SOCIAL RATE OF RETURN

WHY?

Because there isn't a peso from the user or government involved •



Urban Travel Design

www.urbantraveldesign.com

An aerial photograph of Mexico City, showing a dense urban landscape with numerous buildings, roads, and green spaces. The city is viewed from a high angle, looking down on the sprawling metropolis. The text is overlaid on the image, centered in the upper half.

Private Investment in transport Infrastructure: From chaos to order at Mexipuerto Ciudad Azteca

Metropolitan Area of Mexico City



ZMVM

ZMVM=Zona Metropolitana del Valle de Mexico

59 Municipalities

Hidalgo 1 municipality

+

Edo. de México

3,516 km²

+

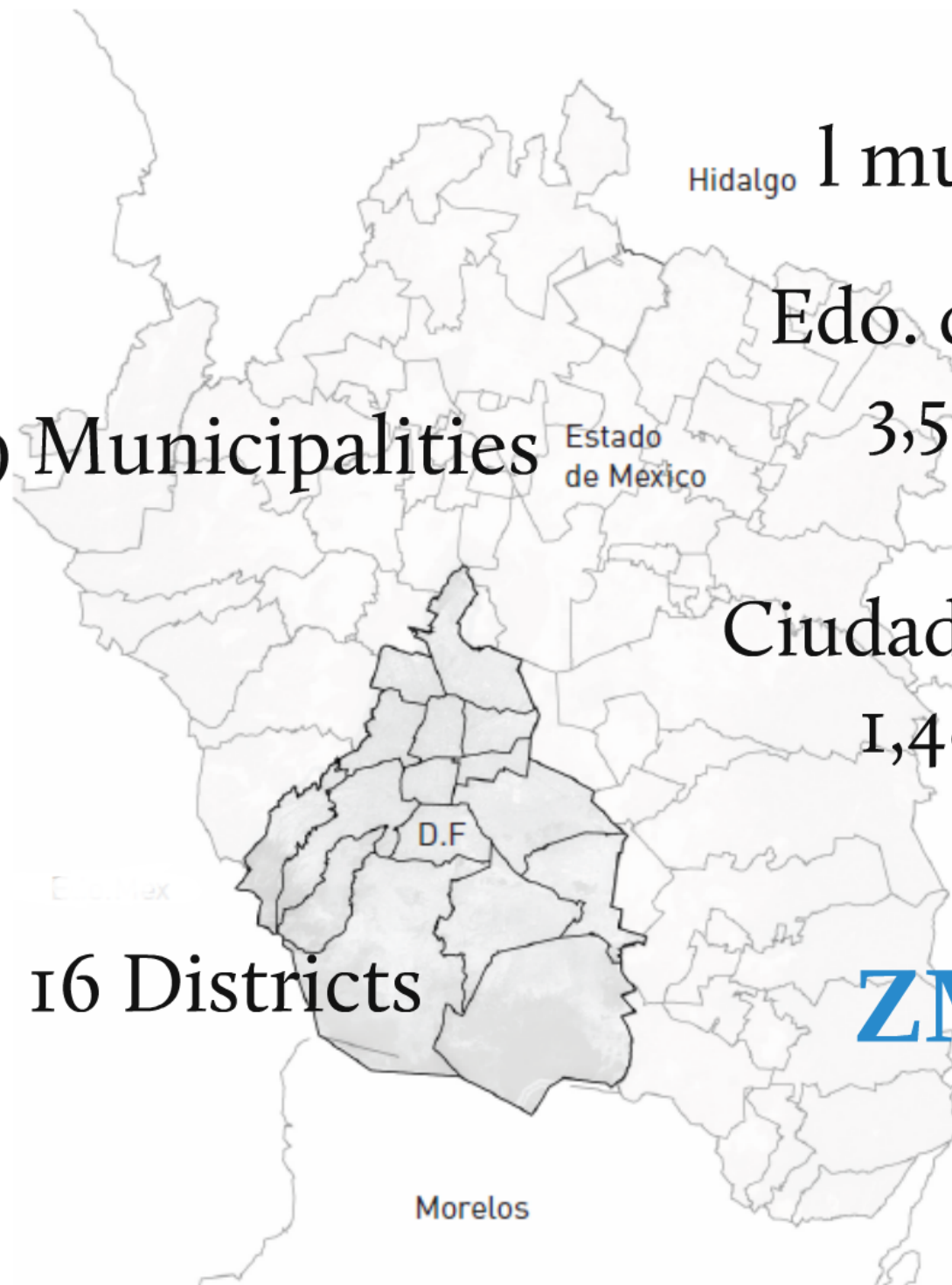
Ciudad de México

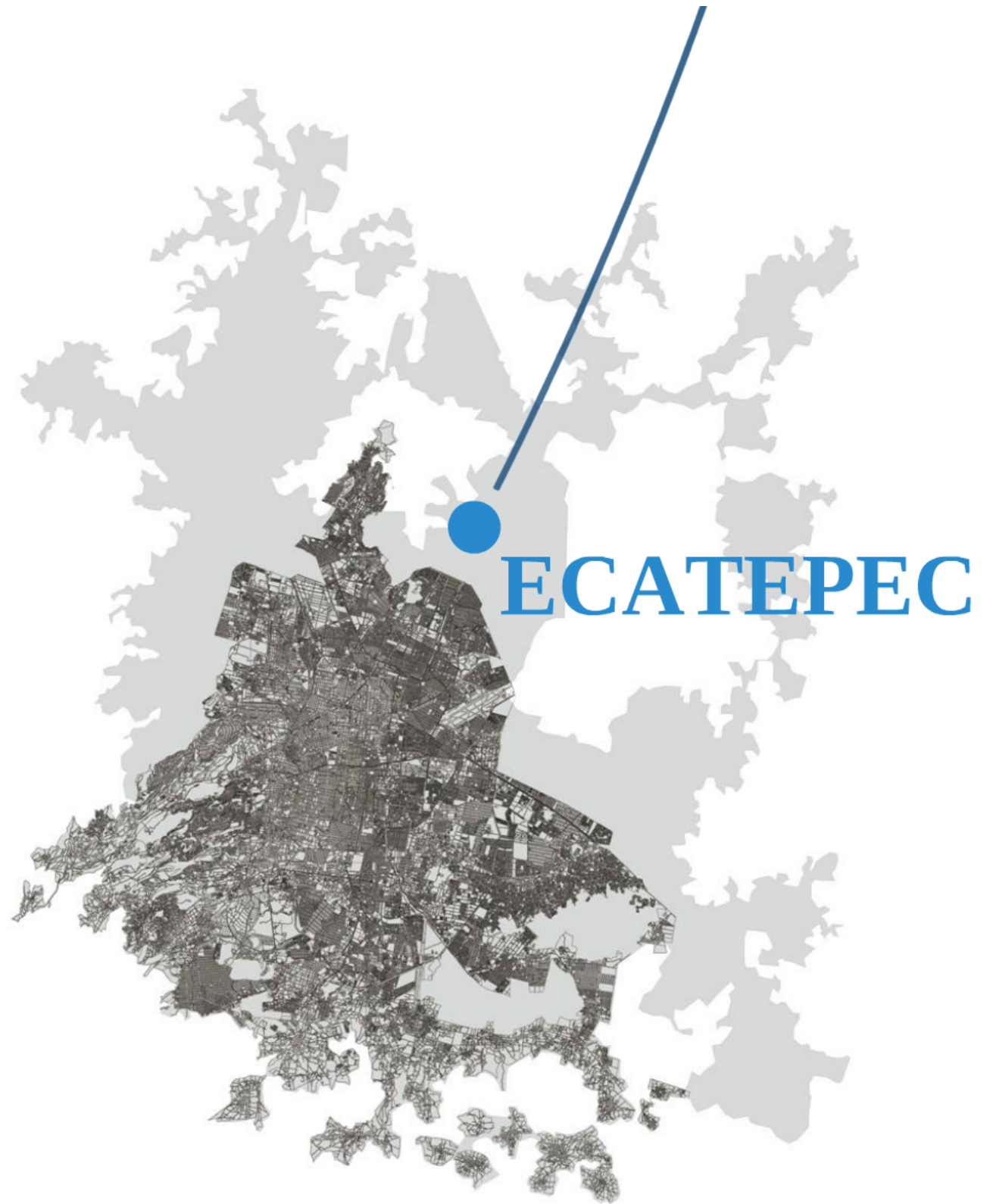
1,484 km²

=

16 Districts

ZMVM





ECATEPEC



1,687,378
inhabitants

96,846
families



99,652
cars

389,486
housing units

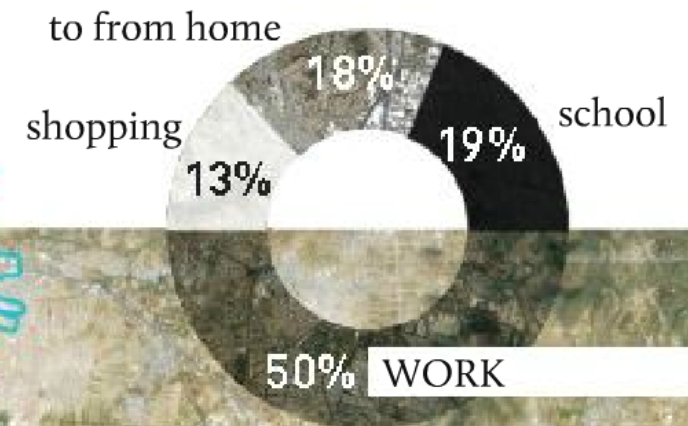
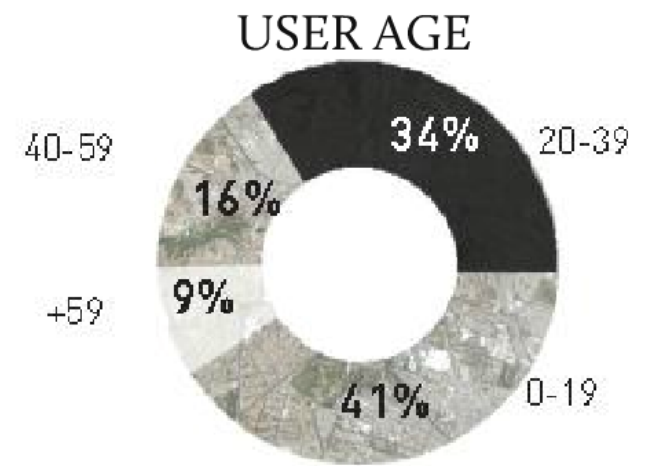
people per
housing unit

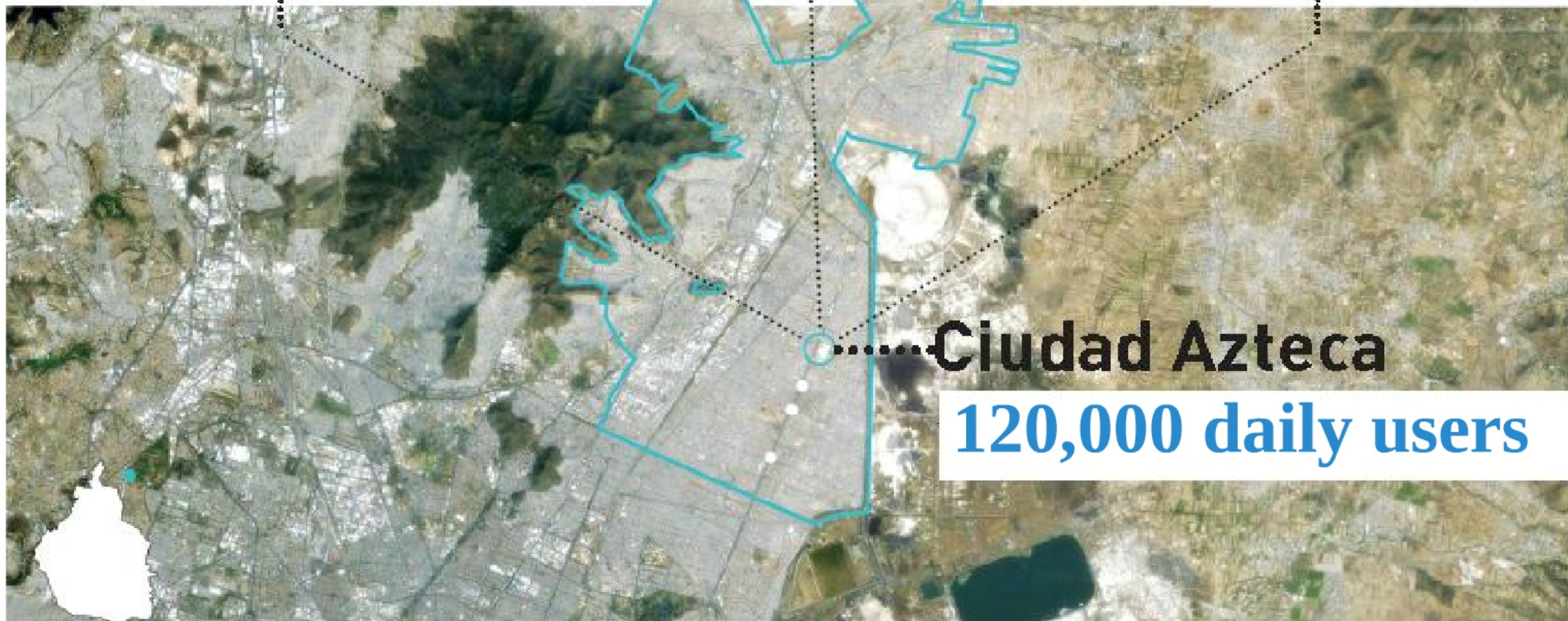
35%
[4-6]

42%
[2-4]



85% Ecatepec inhabitants use public transportation





Ciudad Azteca
120,000 daily users



Flooded areas



Taxis and other illegal vehicles



Illegal street vendors



Terrible infrastructure conditions



Solved Challenges

Understanding all the areas involved and the corresponding interests while the project was starting.



LAND USE

In 2006:

A state owned company (Luz y Fuerza del Centro) was the land owner.

The union claimed it.

The local government tried to buy it but there was no budget to do it.



ILLEGAL STREET VENDORS

Massive flows of people attract illegal commerce.

These vendors wield significant power. There were 194 of these "street vendors".

OPPOSITION

From public transport operators.

LEGAL OBSTACLES

Coordination with multiple institutions.

Coordination with multiple levels of government.

EDUCATING THE PASSENGERS

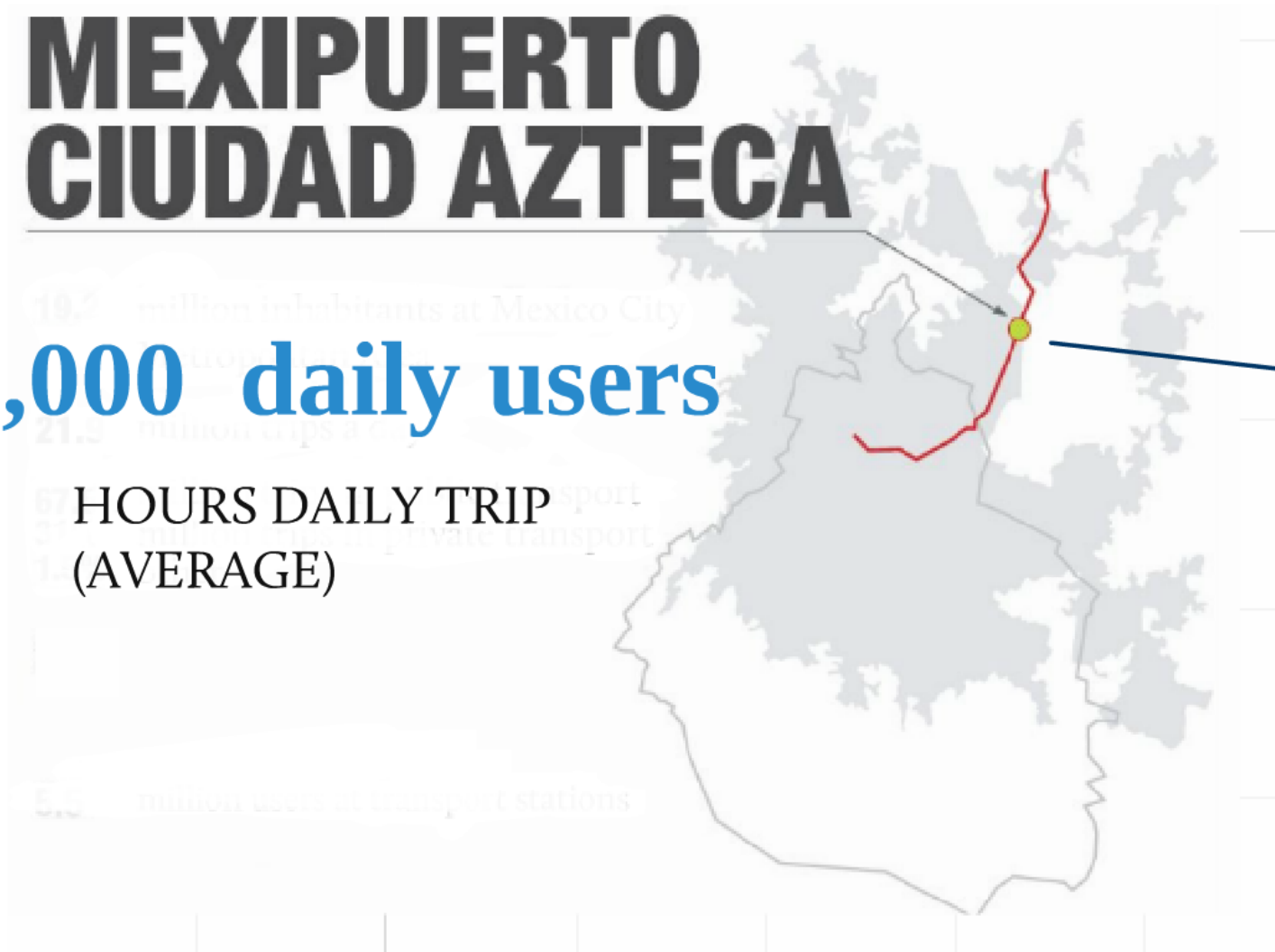


A unique PPP

MEXIPUERTO CIUDAD AZTECA

120,000 daily users

2 HOURS DAILY TRIP
(AVERAGE)



Massive flows of people

Public-private
collaboration

Attracts
**private
investors**

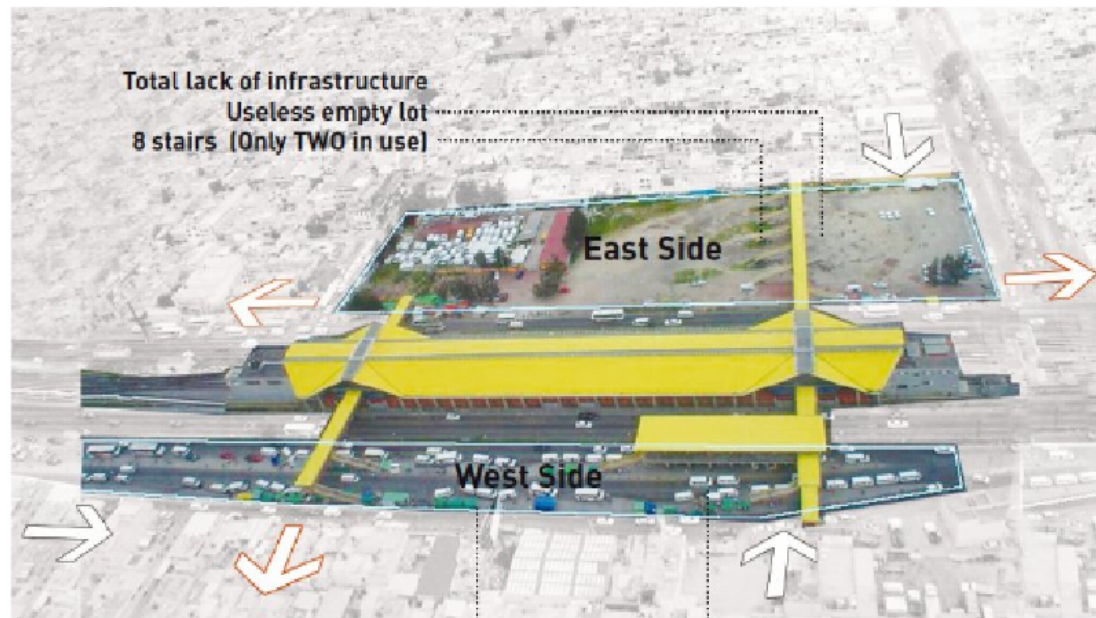
Viewed as a
public necessity by the
government

OPPORTUNITY FOR PRIVATE INVESTMENT



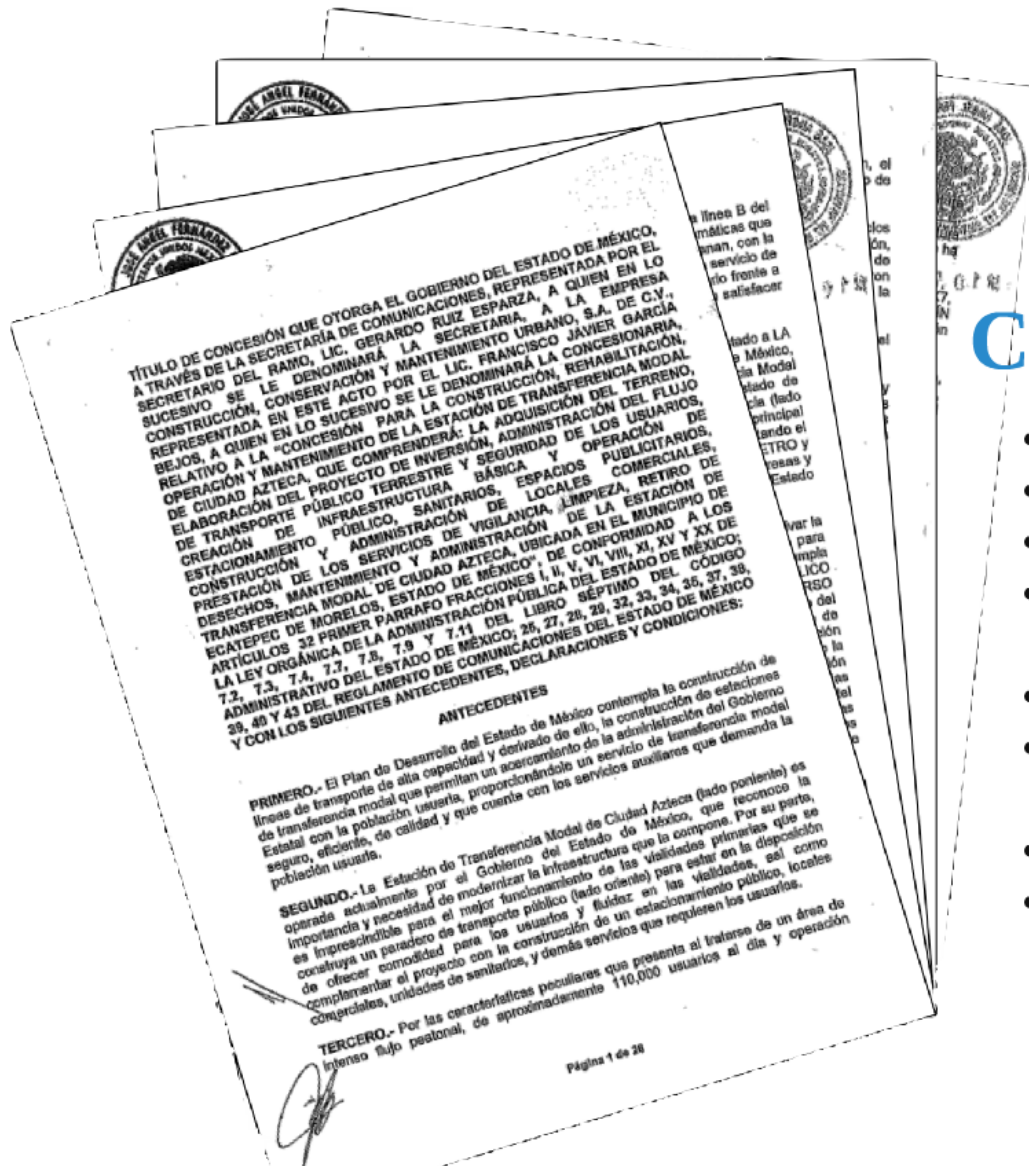
LAND USE

AVAILABILITY OF EXISTING LAND



CONCESSION
help recover it

and define property rights



CONCESSION

- 30 years concession
- Establishes clear property rights
- International arbitration
- Grants the return of the investment in case of rescue or repeal
- Government regulation
- Allocates a consideration fee to the government
- Private resources
- FREE TO THE USER

INTERNATIONAL ARBITRAGE: AVOIDING RISK

NOT ONLY THE EXOGENOUS MARKET RISK

BUT THE INSTITUTIONAL ARRANGEMENT



- Allows you to charge: vendors, carriers, advertisement agencies, for restroom and parking services (diversifies income)
- This income is endorsable by banks
- Concession = access to credits
- Credits = low equity risk

Income diversification

↓

Income diversification



Public Restrooms



Restaurants



Supermarket



Fast Food



Schools



Parking

Low cost Hospital



Retail Stores

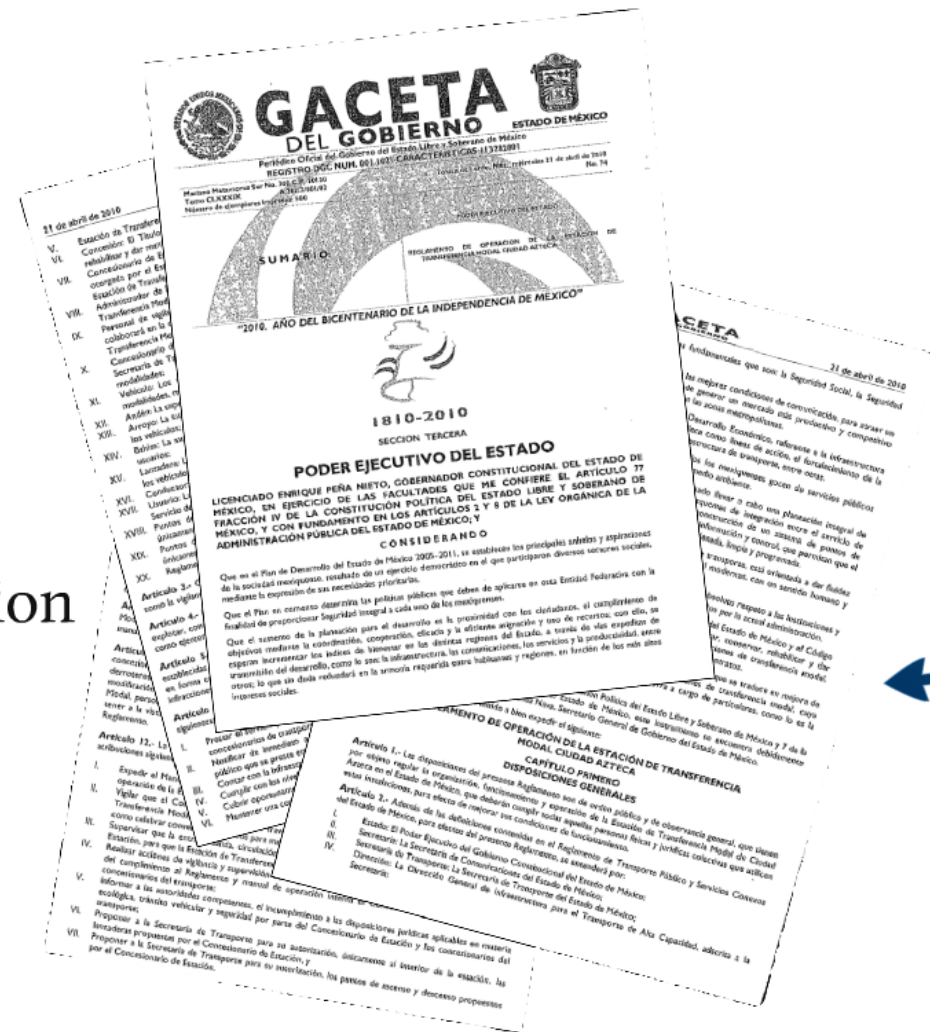


Transport Fees

||
Lower risk

Rule of Law

- Sets up clear operation rules
- Defines service levels
- Gives incentives for re-investment
- Encourages carriers to service the station
- Regulates concessioner and carriers



ALIGNMENT OF INCENTIVES

Government

Efficient use of resources

REGULATION

Satisfies a social demand

Private Investor

Reasonable rate of return

Travel retail: incentives to invest

Land recovery

Efficient operation and
minimized gas usage

Service fees: bribe prevention

Carriers

Valuable information:
access to credit

New Institutional Arrangement



Benefits the user

MEXIPUERTO CIUDAD AZTECA



New building: 72,558 m²

Investment: 824 million pesos (68 million USD)

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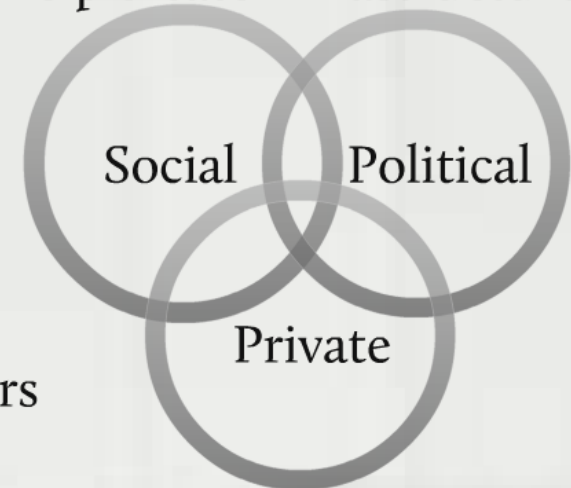
Results

INCREASED SOCIAL BENEFITS

INCREASED SECURITY

Correct and complete information for users and carriers

Proof that coordinating incentives
help create infrastructure



Efficient intermodal connections = LESS commuting time



High Technology CCTV system



A safe, clean and friendly public space



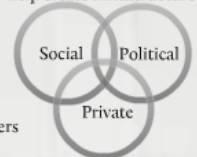
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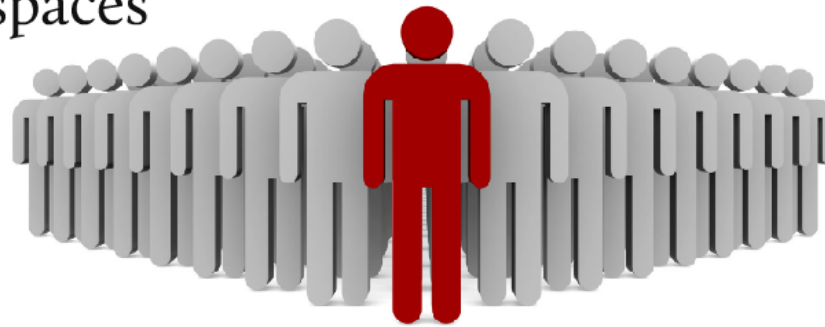


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New public spaces

Efficient mobility
and increased
safety



FOR THE CITIZEN

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