

“Thriassio Pedio: Issues and challenges”

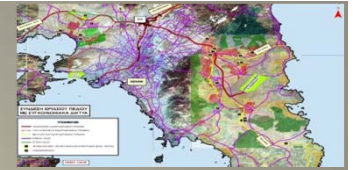
John C. Mourmouris
Professor “Management and Transportation Economics”

Workshop on PPP Schemes and Railways financing
UN headquarters, Palais de Nations in Geneva

7th November 2012

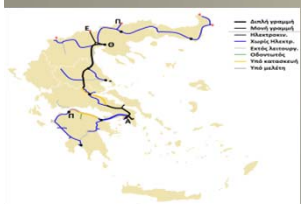
DEMOCRITUS UNIVERSITY OF THRACE

DEPARTMENT OF INTERNATIONAL ECONOMIC RELATIONS AND DEVELOPMENT



Contents

- Objectives and functions according to OSE S.A.
- History according to GAIAOSE S.A. (Master Plan - Call for tenders).
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- Specific issues.
- Challenges ahead.

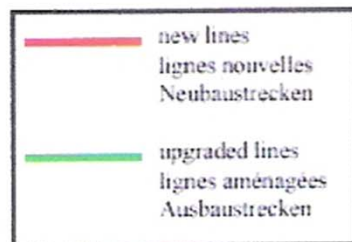


2020

**European
High-Speed Network**

**Réseau Européen
à Grande Vitesse**

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High-Speed Division





BREMEN



NÜRNBERG



SOGARIS



Thriassio Complex



TVT



BOLOGNA



VERONA

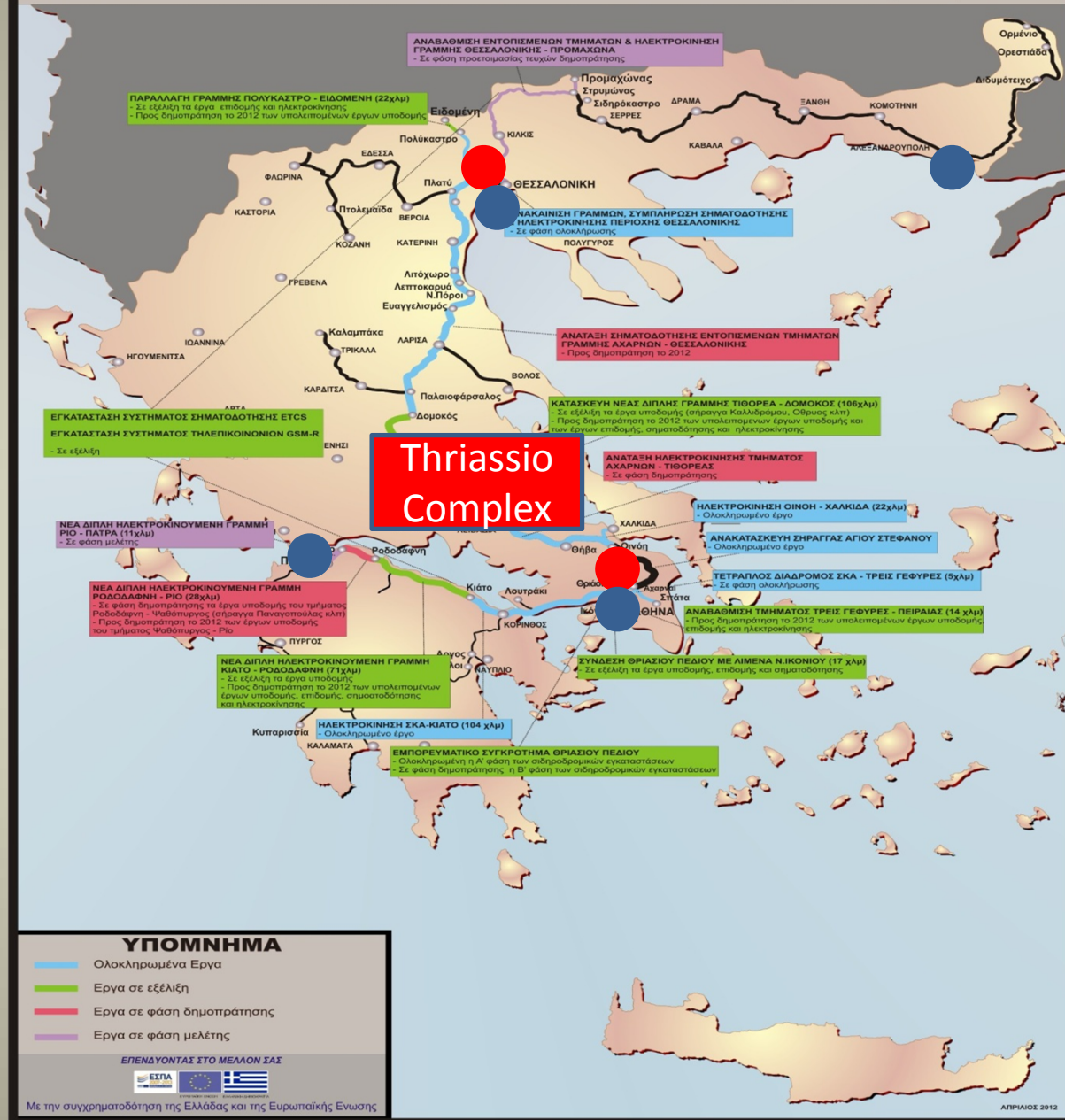


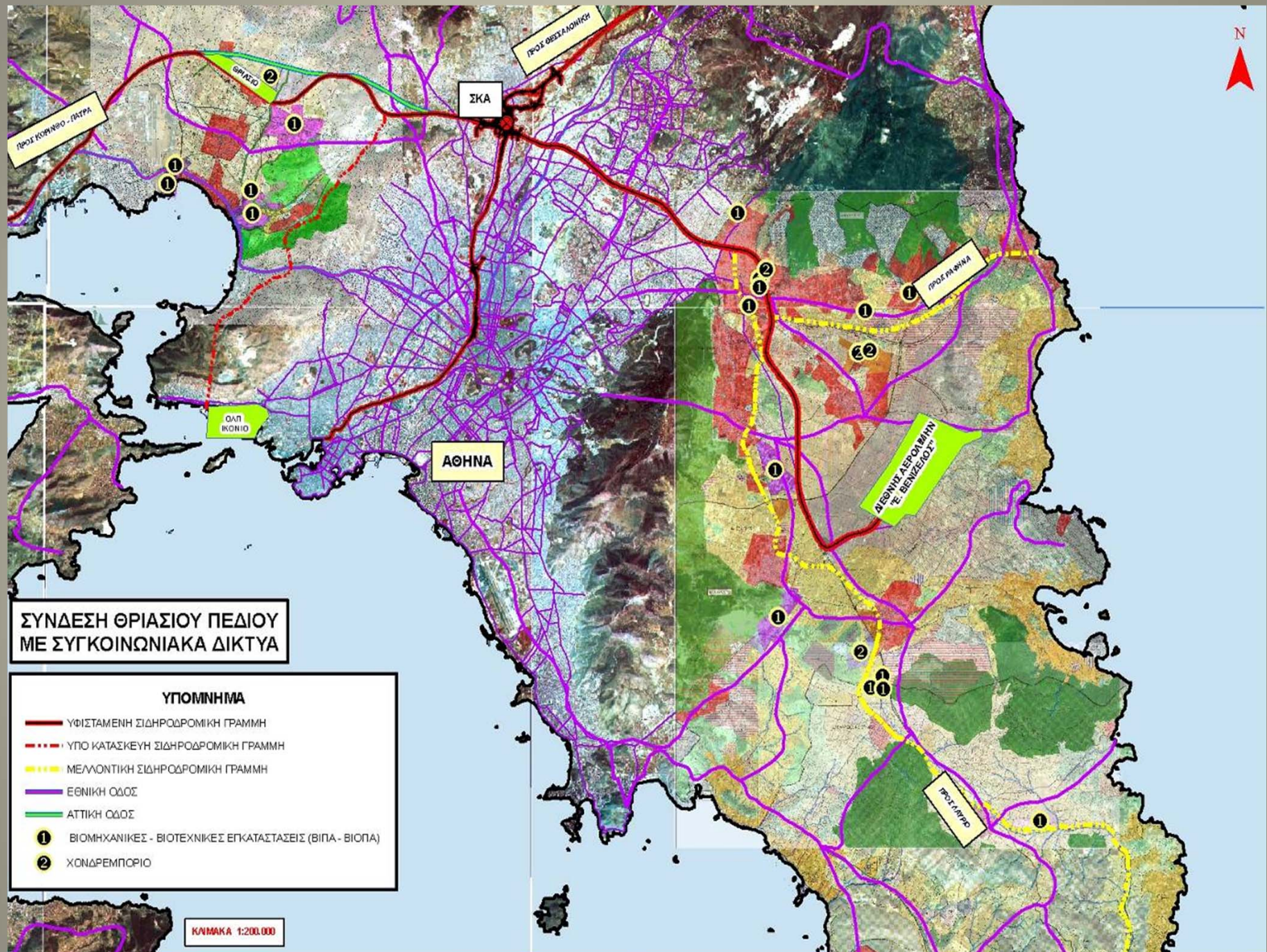
PADOVA





- Διπλή γραμμή
- Μονή γραμμή
- Ηλεκτροκιν.
- Χωρίς Ηλεκτρ.
- Εκτός λειτουργ.
- Οδοντωτός
- Υπό κατασκευή
- Υπό μελέτη





**ΣΥΝΔΕΣΗ ΘΡΙΑΣΙΟΥ ΠΕΔΙΟΥ
ΜΕ ΣΥΓΚΟΙΝΩΝΙΑΚΑ ΔΙΚΤΥΑ**

ΥΠΟΜΝΗΜΑ

- ΥΦΙΣΤΑΜΕΝΗ ΣΙΔΗΡΟΔΡΟΜΙΚΗ ΓΡΑΜΜΗ
- - - ΥΠΟ ΚΑΤΑΣΚΕΥΗ ΣΙΔΗΡΟΔΡΟΜΙΚΗ ΓΡΑΜΜΗ
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- ΕΘΝΙΚΗ ΟΔΟΣ
- ΑΤΤΙΚΗ ΟΔΟΣ
- ① ΒΙΟΜΗΧΑΝΙΚΕΣ - ΒΙΟΤΕΧΝΙΚΕΣ ΕΓΚΑΤΑΣΤΑΣΕΙΣ (ΒΙΠΑ - ΒΙΟΠΑ)
- ② ΧΩΔΡΕΜΠΟΡΙΟ

ΚΑΙΜΑΚΑ 1:200.000

"Thriassio Complex: Freight Station and marshalling yard"



The Thriassio Complex is 10 km Northwest of Athens and 17 km from Ikonion port

▪ Total area of 1,750,000m²

▪ Intermodal transport

Customer transshipment:

-Containers

-Bulk

-General cargo

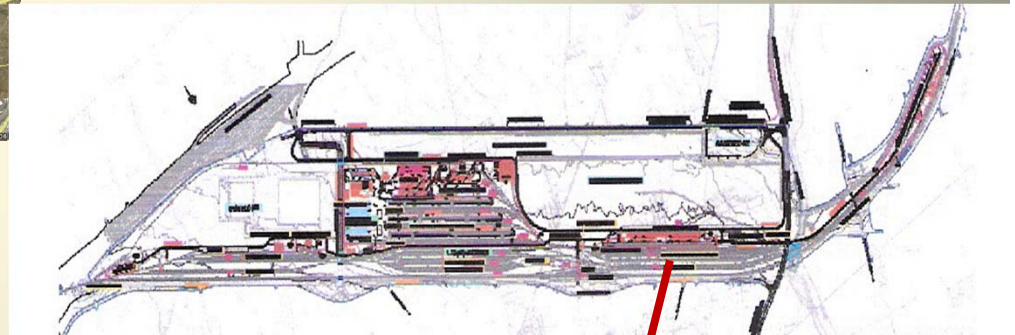
-Cars

• Rail operation

• Logistic

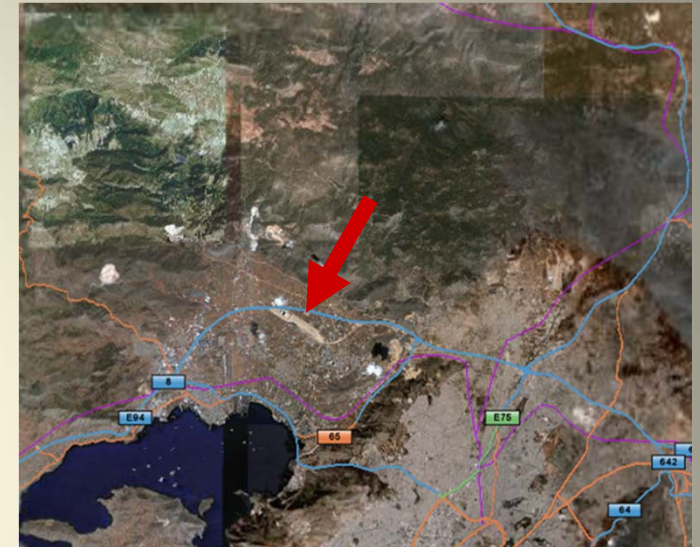
• Organization services

• Support services: customs, etc.



Thrasio Pedio Freight Terminal Project details

- Greater Athens area
- Connection with railway, road and port
- Landlord Gaiaose S.A.
- Land area: 590,000 m²
- Total permitted buildings are: 240,000 m²
- Construction Budget: €150 million
- Project to be implemented through PPP (Long term concession scheme)



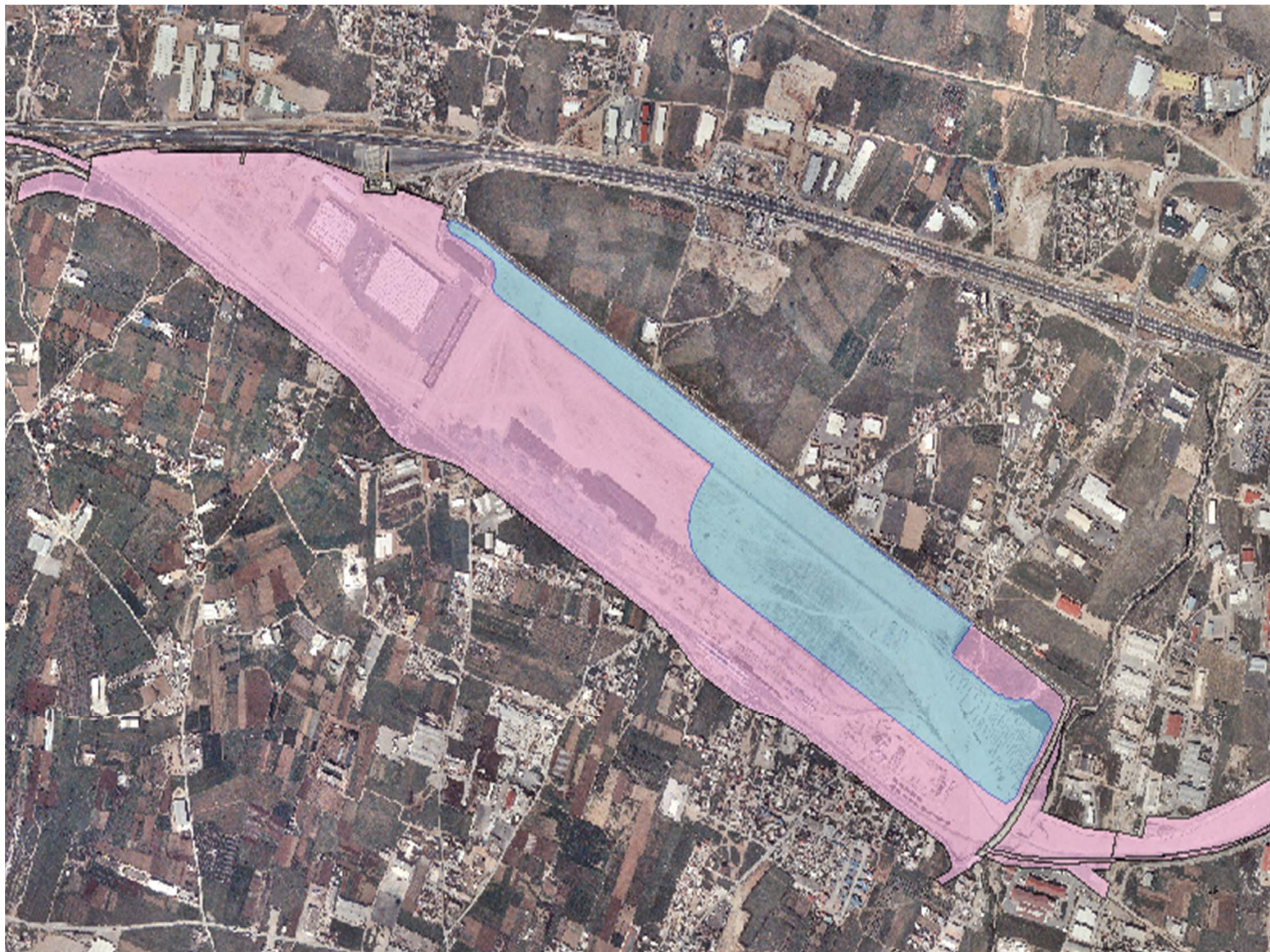
"Thriassio private freight centre" *Call for tenders*

- Six call for tenders :
 - 16-07-2002
 - 2004
 - 2006
 - 2007
 - 1-06-2010
 - 13-03-2012
- Problems of different type:
 - Procedural motions/objections
 - Appeal before the European Court
 - Resignation temporary contractor
- New call for tenders in the near future









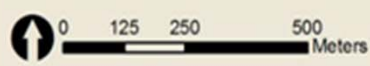


Κτήρια Εργοστασίου ΟΣΕ

Χώρος για την Ανάπτυξη Εμπορευματικού Κέντρου Ιδιωτών (ιδιοκτησία ΓΑΙΑΟΣΕ Α.Ε.)

Χώρος για την ανάπτυξη σταθμού διαλογής ΟΣΕ και Μεταφόρτωσης Φορτίων

Χώρος Αμαξοστασίου (προς μίσθωση στην ΕΘΕΛ)



Εμπορευματικό Κέντρο Θριασίου Πεδίου

PHOTO : nikos@danilidis.gr



PHOTO : nikos@danilidis.gr

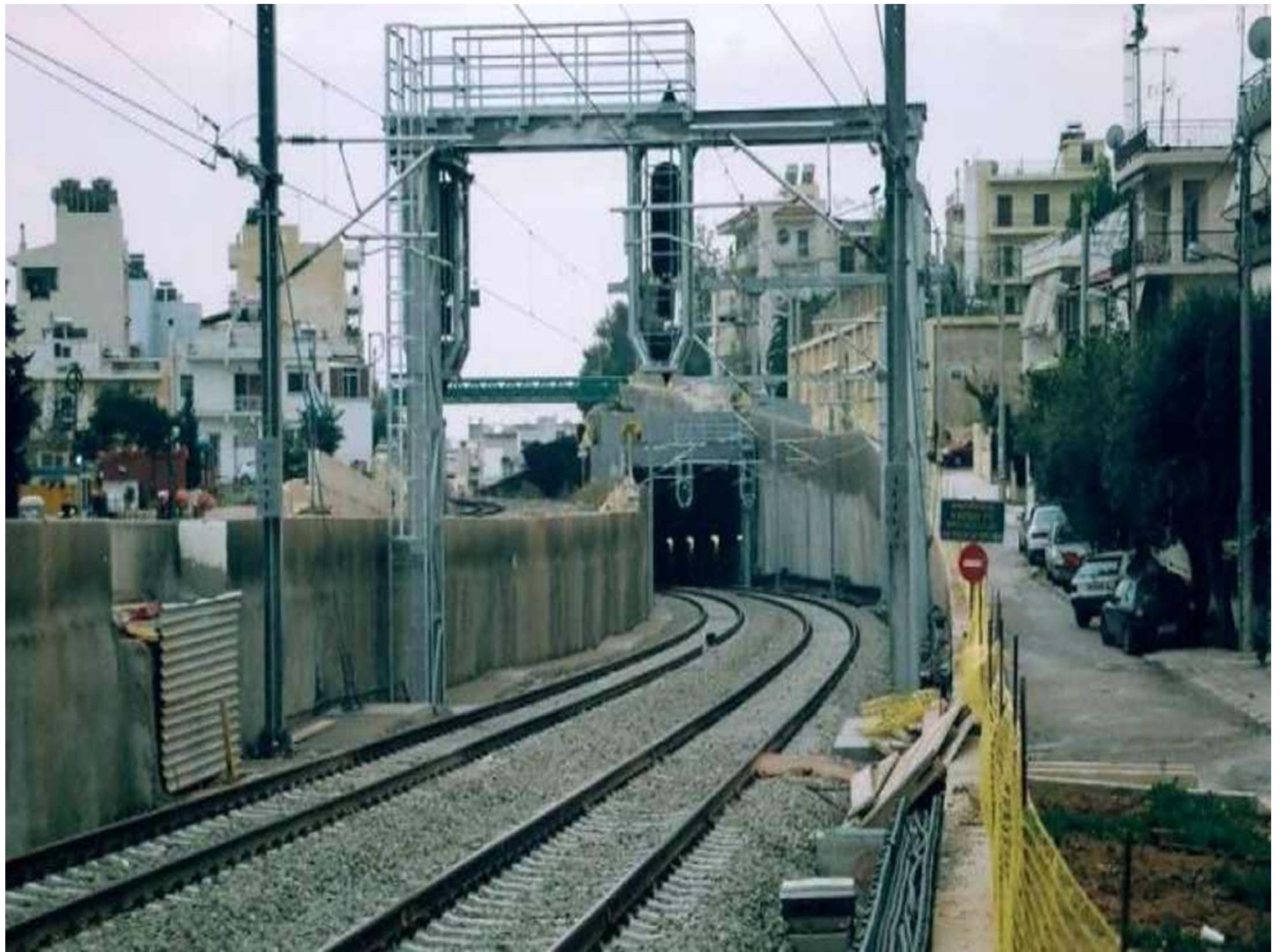








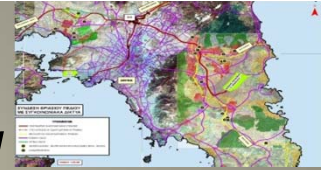




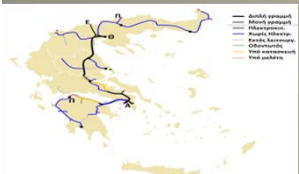




Objectives and functions 1/2



- Railways network connection with Piraeus port (Ikonio port).
- Intermodal connectivity (Ship, rail, road).
- **"Thriassio Complex: Freight Station and marshalling yard"** (Railways facility: Freight station, Warehousing, Logistics, Intermodal connection mainly with trucks, Rolling stock maintenance factory, railways passenger station, bus depot etc.).
- **"Thriassio private freight centre"** (Private companies warehousing, logistics and door to door distribution in the greater Attica area).





Objectives and functions 2/2

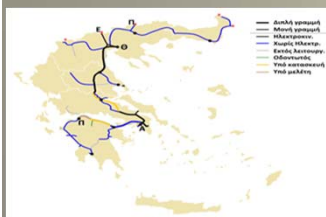
- This centre will function as a container and logistics hub, linked by rail both to the Neo Ikonio cargo port, in western Piraeus, and to the cross-country motorway Patra-Athens-Thessaloniki - Evzoni (PATHE).
- This project is under construction in a land plot area of 1,750,000 m², and is anticipated to be fully operational by 2014.

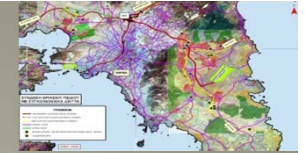




History (Master Plan) 1/5

- 1970 OSE long term investment objectives concentration of railways infrastructure operations, the creation of freight terminals, marshalling yards and other facilities servicing of rail freight.
- 1976 OSE with its own resources made expropriation of the area.
- 1984 the master plan of the complex by the Romanian Society Contransimex.
- 1999 new Master Plan adapted to modern trends, prepared by the German company DE CONSULT.





History (Call for tenders) 2/5

- 15.11.1996 original decision of the E.U., 60 million euros funding and completion 31.12. 2000.
- 22.11.2000 E.U. increase the amount of funding to 125 million euros and completion 31.12.2006. (E.U. financing decision associated with the concession with a private investor for the Freight Centre.)
- 2001 OSE announced a tender to find a financial advisor of 3,95 million euros budget and thus received from the E.U. planned advance of Community Financing.
- 16.07.2002 call for tenders was conducted by OSE. (The evaluation of the bids made after 6 months, but after objections from of tenders, was declared unsuccessful.) As this was a condition and was not achieved by the Greek authorities until 21.03.2003, the E.U. funding stopped.





History (Call for tenders) 3/5

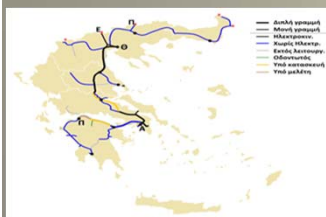
- 2004 after further delays, decided to establish a new subsidiary of OSE (THRIASIO S.A. was renamed in 2005 to Freight Centres S.A.)
- 2004 call for expression of interest for the lease of 7 parts of the property to private investors who would undertake the construction and operation of warehouses. The invitation to tender was canceled before the tender submission.
- 12.12.2005 the property transferred to Freight Centers Inc. in order to find private investors by a new call for tenders.
- 2006 call for tenders, after that payments from the E.U. were possible for projects ERGOSE S.A.

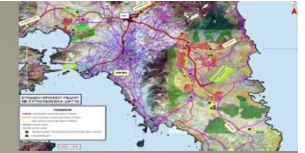




History (Call for tenders) 4/5

- 23.11.2006, were amended the terms of E.U. financing setting a new amount of 90,379,999 € while extending completion date until 31.12.2009. (Condition of eligibility of expenditure the private operation of the Freight Center.)
- July 2007, as part of the restructuring process of OSE subsidiary Freight Centres S.A., was absorbed by the GAIAOSE S.A., which continued the contest. The final binding offers were submitted in December 2007. After significant delays due to conflicting views on of tenderers tensions between the Greek courts and the European Commission, the proclamation of the provisional contractor held in July 2009. Finally, the contest was canceled, after withdrawal of the offer of the contractor.





History (Call for tenders) 5/5

- 01.06.2010 new call for tenders was announced at one stage to select the concessionaire investor. After several extensions, the deadline for submitting bids was set for 19.07.2011. Significant changes requested by stakeholders to ensure sustainability and viability of the project, lowering the risk for private investors. Despite changing the terms of the project in accordance with the suggestions of interested investors, there was no bid.
- 13.03.2012 new call for tenders in order to continue efforts to find a private concessionaire for the Freight Centre. At the closing date, 18.4.2012 submitted 2 proposals. The duration of the expressions of interest submitted was three months. In view of the elections of May 2012, the Board of GAIAOSE S.A. did not decide anything asking guidance from the new political leadership.
- New call for tenders is expected for the near future eventually in collaboration with TAIPED (The Hellenic Republic Asset Development Fund).





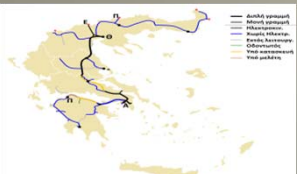
Impact of Project Delays and Ambiguities

Financial Impacts

- Increase project costs.
- Reduction returns and anticipated cash inflows to all parts.

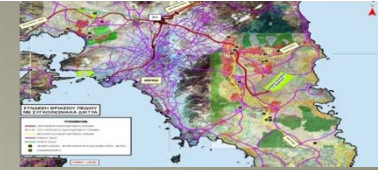
Non Financial Impacts

- Problematic freight transportation.
- Missing link for the function as complete network.
- Hampering development of the region.
- Increased hardships to parties due to more than expected process and construction periods.
- Strain on legal system due to litigations.





The economics of PPP in Infrastructure



- NPV, IRR, ROI, ROE, Commercial viability, Cost benefit, Cost effectiveness.
- **Goal:** -Attract private investments for infrastructure projects.
- **Need:** -Lack of Budgetary Resources.
-Improve efficiency in service delivery.
- **Approach:**
 - Private Sector contribution for:*
 - Financial investments (A Tool of Financial Arrangements).
 - Best Management practices (A Tool of Governance or Management).
 - Efficiency in service delivery.
 - Efficient use of capital resources.
 - Public Sector contribution limited to:*
 - Providing institutional commitment to project (A Language Game...)
 - Project Development & Selection of Developer (A tool of Development Process)
 - Viability gap funding





Specific issues



- **Conflicting and troubleshooting issues** (Lack of clarity, Confusion of the two parts functions, need to specify the quality and quantity of the service it is required from the private partners).
- **Transportation issues** (Athens is a destination area thus trucks for door to door transportation, Athens – Thessaloniki corridor under construction thus insufficient capacity, Thessaloniki is the main export port to Europe, Cosco uses Ikonio as port for transit feeder-shiping, 17 km (from port) inland warehousing producing more transshipment).
- **Design and proof consultant.**
- **Technical capability of the concessionaire** (Experts missing).
- **Environmental and archeological issues** (Rather limited risk).
- **Financing issues** (E.U. conditional co-finance, Public funds, Private funds role).
- **Legal issues** (Potential Competition between the "Thriassio Complex: Freight Station and marshalling yard" and "Thriassio private freight centre").

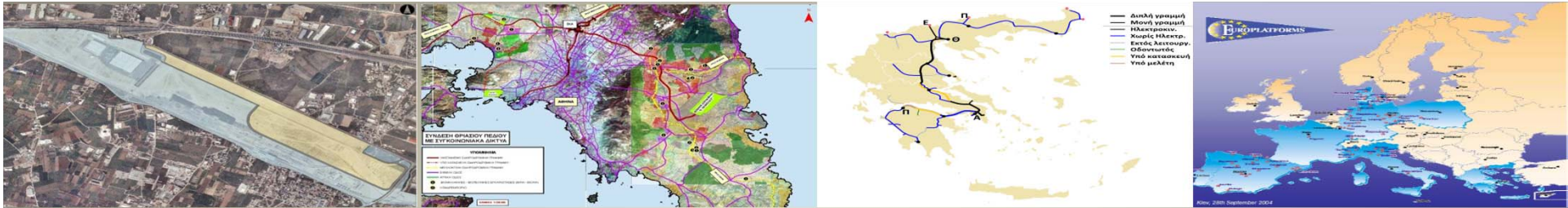




Challenges Ahead

- Clarify vision and redefine the business deal:
 1. Define different conceptual issues of PPP relating to governance, management and policy design.
 2. Define the common features such as nature of cooperation, inter-organizational arrangements, financial relationships and commitment should be very precise.
 3. Governance aspects such as decision making process, and roles and responsibility of different organizations/actors should be specific.
 4. The purpose of a PPP should be specific.
- Business Plan - Valuation.
- Competition, Transparency and Accountability.
- Development of appropriate technologies in railways freight transportation.
- Reducing Unit Cost of Operation per TEU and per tn.
- Examine a global combined response (OSE-rail and private-truck interests).





**Thank you
for your
attention**

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