

Rizal Park Complex Western Section Development Project

PROJECT BRIEFER

December 2021 version



PPPC-TIEZA Project Study
Committee

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Project: RPC Western Section Development

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Executive Summary

On October 7, 2014, the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) Board designated the Rizal Park Complex (RPC) as a Flagship Tourism Enterprise Zone (TEZ) and approved its Comprehensive Tourism Master Plan (CTMP or the Master Plan) which was subsequently ratified by the National Parks Development Committee (NPDC) Board on August 27, 2015. As a Flagship TEZ, TIEZA aims to provide the initial investments to trigger the participation of investors in the zone. The development of the 54-hectare RPC Flagship TEZ was contemplated in the 2014 CTMP by Berkman International Inc. Further, to fast-track the implementation of the CTMP, TIEZA and NPDC has identified the key support tourism infrastructure projects for the Park, which includes the development of an Esplanade with a Multi-Purpose Parking Building at the Western Section of the RPC, among others.

With this background and public-private partnership (PPP) as a strategy, the TIEZA has proposed the development of the western section of the RPC and has tapped the PPP Center for Business Case development and assistance in identifying and structuring viable PPPs.

The proposed **Rizal Park Western Section Development Project** (the “Project”) involves the financing, design, improvement, construction, and operation and maintenance of park facilities and attractions in the western section of the RPC. The general objective of the Project is to realize the planned re-development of the RPC consistent with the development theme identified in the CTMP, through optimizing the engagement of the private partner to develop the western section of the Park. The findings discussed in this report accounted the development goals and feedback of TIEZA and NPDC, as well as other stakeholders, through various consultations and technical working group meetings. Key findings are summarized as follows:

- **Legal and Institutional.** With reference to relevant laws, issuances, and legal opinions reviewed, it appears possible for either TIEZA or NPDC or jointly by TIEZA and NPDC to undertake the development of the Project. As further confirmed by the Office of the Government Corporate Counsel (OGCC), it is clear that TIEZA may enter into such agreements or arrangements, in conformity with law, for the improvement of the western section of the Rizal Park subject to coordination and consultation, and entry into such agreement with NPDC – the agency tasked to develop, preserve, and manage Rizal Park, to ensure that any and all activities to be undertaken are still within the ambit of park purposes. The final institutional arrangement shall be determined through a Memorandum of Agreement (MOA) between the agencies. Further, the Project is proposed to be undertaken through the TIEZA Joint Venture Guidelines. As of writing, TIEZA and NPDC are still discussing the content of the MOA on how best to implement the Project.
- **PPP Structure.** The recommended PPP arrangement for the Project is Contractual Joint Venture under the TIEZA Joint Venture Guidelines. This aims to avoid interface risks between the contractors and operators for the construction and operation and maintenance components. The report also recommends the roles and responsibilities of each party and allocated project-related risks to the party that can best manage it through a Risk Allocation Matrix (RAM). The indicative project terms are summarized as follows:

Project	Rizal Park Western Section Development Project
Implementing Agency	Tourism Infrastructure and Enterprise Zone Authority (TIEZA) with National Parks Development Committee (NPDC) as TEZ operator ¹
Legal Framework	TIEZA Joint Venture (JV) Guidelines
Project Structure	Contractual Joint Venture
Project Scope	The Project involves the financing, design, improvement, construction, and operation and maintenance of park facilities and attractions in the Western Section of RPC.
Joint Venture Period	30 years
Estimated Project Cost (structure and ancillary investments)	Php 1,438 million (Php 770 million without Northwest Esplanade)
Operations Costs (at year 2 of operations)	Php 82 million (Php 44 million without Northwest Esplanade)
Revenue-generating schemes for the Private Partner	- Locator leasing fees (<i>account for more than 90% of the project revenues</i>) - Parking and event revenues (<i>ancillary</i>)
Financial benefits for TIEZA/NPDC	Land lease revenue

- **Technical.** Based on the conceptual development schemes considered along with other technical studies conducted, the proposed components of the Project or the base-case scenario will involve the 1) development of the Southeastern Esplanade, 2) redevelopment of the Quirino Grandstand, and 3) development of 1-storey concessions in the Burnham Green. At the option of the private sector, the Northwestern Esplanade may also be developed. The estimated investment cost of the proposed developments is at Php 1,438 million covering a gross floor area of 50,300 square meters, of which 25,470 square meters are leasable. Excluding the Northwestern Esplanade, the estimated investment cost is at Php 770 million.
- **Economic.** The qualitative economic evaluation reveals that the Project generates several critical economic benefits. The net economic benefit is the willingness-to-pay (WTP) for goods and services purchased at RPC (retail, office, and parking) minus the RPC's investment cost and operations and maintenance. Other benefits are RPC visitor's time and transportation savings, health benefits, and higher quality of life. The Project will also increase the real estate value of the park and surrounding areas.
- **Value-for-Money.** Based on the qualitative value for money (VFM) analysis, there is an advantage in pursuing the Project under the PPP mode. Qualitative benefits include higher service quality, innovation, better integration, and flexibility. The incentive for the private sector to innovate in the design, construction, and set-up of the different park structures is higher since costs and traffic impacts directly affect their profitability. The assumptions, risks, and benefits taken into consideration in the analysis lend support to pursuing the Project under the PPP mode.
- **Environmental, Social, Gender and Project Resiliency.** The Project, through this report, considered and identified applicable environmental, social and gender statutes, policies and conditions including its corresponding requirements that may have implications on the feasibility, sustainability, and design of the proposed structures and facilities.

¹ Subject to agreed institutional arrangement between TIEZA and NPDC (i.e., 3rd MOA)

1. Project Background

1.1. Purpose of the Report

1.1.1. Transaction History and TIEZA-NPDC Engagement on RPCFTEZ

Tourism Infrastructure and Enterprise Zone Authority “TIEZA” is mandated to identify site development zones or TEZs, as well as to regulate and supervise tourism infrastructure projects in the country. This mandate emanates from Republic Act 9593 designating TIEZA as an attached agency of the Department of Tourism (DOT).

The National Parks Development Committee (NPDC) is the government entity directly involved in the management, operation and maintenance of Rizal Park by virtue of Executive Order No. 69, series of 1964. NPDC is an attached agency of DOT and is mandated to provide a fully developed and well-maintained park for the wholesome recreation and socio-cultural education of the Filipino people for the enrichment of the country’s national identity and heritage.

On July 8, 2013, the TIEZA entered into a Memorandum of Agreement (MOA) with NPDC to submit the Rizal Park Complex to the Flagship Tourism Enterprise Zone (TEZ) program of TIEZA and agreed for the process of drafting a master plan for the Rizal Park and for its designation as a Flagship TEZ.

On October 7, 2014, the TIEZA Board designated the Rizal Park Complex Flagship TEZ (RPCFTEZ) and approved its Comprehensive Tourism Master Plan (CTMP or the Master Plan) which was subsequently ratified by the NPDC Board in August 27, 2015. As a Flagship TEZ, TIEZA will provide the initial investments to trigger the participation of investors in the zone. The development of the 54-hectare RPC Flagship TEZ was contemplated in the 2014 CTMP by Berkman International Inc. Further, to fast-track the implementation of the CTMP, TIEZA and NPDC has identified the key support tourism infrastructure projects for the Park, which includes the development of an Esplanade with a three (3) – storey Multi-Purpose Parking Building at the Western Section of the RPCFTEZ.

On February 28, 2019, the second MOA between TIEZA and NPDC was executed for the process of implementation of the RPCFTEZ-CTMP and creating the RPCFTEZ – Technical Working Group (RPCFTEZ-TWG). The RPCFTEZ-TWG is chaired by the TIEZA Assistant Chief Operating Officer (ACOO) for the TEZ Management Sector with three (3) representatives from each party for technical, legal, and financial aspects. The second MOA also set out the respective functions of TIEZA and NPDC. Specifically, TIEZA was given the authority to construct, own, lease, operate and maintain infrastructure facilities or enter into joint ventures, and grant franchises for, and supervise the operation of public utilities within the Complex.

In accordance with the Second MOA, the RPCFTEZ-TWG convened on June 18, 2019, to discuss the matters relative to the implementation of the identified support tourism infrastructure for RPCFTEZ. The RPCFTEZ-TWG reviewed the Terms of Reference (TOR) for the Esplanade Development Project and issued a resolution endorsing the same to the TIEZA Chief Operating Officer (COO) for consideration.

As of this writing, a Third MOA between TIEZA and NPDC is being drafted to pursue the development of the western section of the Rizal Park.

On November 15, 2018, PPC and TIEZA signed a Memorandum of Agreement formalizing collaboration intended for the development of robust pipeline of PPP projects for TIEZA. With the identification of the Rizal Park Western Development Project, PPP Center's assistance is extended to project development and technical assistance. In line with this, on June 27, 2019, PPC and TIEZA signed a Technical Assistance Agreement (TAA) formalizing the collaboration for the development of Business Case for the Rizal Park Complex Western Section Project. The TAA determines the roles and obligations of PPP Center and the TIEZA for the preparation of the business case to cover the following tasks:

- Technical and Preliminary Engineering Design
- Project Structuring and Risk Assessment
- Legal and Institutional Analysis
- Financial and Economic Analysis
- Social and Environmental

1.1.2. Business Case Objectives

The conduct of Business Case aims to enable TIEZA to prepare for the procurement stage by ensuring that all relevant risks and issues are considered and properly assessed so that the envisioned joint venture with the private sector is sustainable and the promised enhancement to park experience is provided. Specifically, the objective of the Business Plan includes (a) determine technical and conceptual requirements for the establishment and operation of the Project in the context of locally and internationally accepted standards; (b) determine the economic feasibility, financial viability, and relevant legal, institutional, and regulatory requirements including an assessment of likely private sector interest; (c) ascertain the appropriate PPP structure for the Project; and (d) assess the readiness of the Project for approval and tender or the need to conduct further study for the Project.

1.2. Project Rationale and Objectives

1.2.1. Rationale of the Proposed PPP Project

In furthering the realization of the planned re-development of the RPC, TIEZA seeks to optimize the engagement of the private sector partner to develop the entire Rizal Park Western Section in addition to the operation and maintenance partner for the Esplanade Development Project which was initially planned to be procured under RA 9184 pursuant to the redevelopment of the Rizal Park contained in the Memorandum of Agreement executed with NPDC.

The Project is intended to be undertaken through PPP pursuant to the TIEZA Joint Venture Guidelines or other available PPP legal frameworks. The conduct of the Business Case study will analyze the feasibility of the proposed PPP arrangement with a private sector partner who will finance, develop, operate and maintain amenities and programs within the Western Section of the RPC. Under such PPP arrangement, TIEZA seeks to:

- ✓ Ensure that the content and aesthetics of the development will conform to the Discovery and Technology theme identified in the 2014 Rizal Park Complex Comprehensive Tourism Master Plan, and will protect the authenticity and significance of the Cultural Heritage Tourism Zone
- ✓ Develop revenue generating components within the section which may be a source of income for TIEZA and NPDC.

Consistent with the identified development theme in the Master Plan, the private sector partner shall ensure that the design and content of any implemented development will conform to relevant standards of the cultural heritage tourism zone. Included in the preliminary scope of works identified during the inception phase are the following:

- a) Improvement, operation, and maintenance of the entire Western Section of the RPC;
- b) Management, operation and maintenance of the three-storey building and the esplanade which was initially planned to be procured and constructed by TIEZA through a separate contractor through RA 9184; and
- c) Construction, operation and maintenance of the following:
 - i) 2nd enterprise building located in the northeast corner of the Western Section,
 - ii) wharf, and;
 - iii) additional attractions or amenities consistent with the theme within the Western Section of the RPC, such as but not limited to a one-storey commercial structure around the corner of Burnham Green.

In line with the identified scheme under the Master Plan, the Western Section may be developed and designed similar to the 20th century American colonial period and 21st century/discovery with futuristic characteristics. The envisioned development will contribute to the main objective of the Masterplan which is to enhance visitor experience by making the Park more engaging and organized. The project also supports tourism growth by showcasing a very important historical focal point for the country, and which is also currently one of the remaining open areas in Metro Manila.

2. The Proposed Project Site

2.1. Location, Site Profile and Accessibility

Location

The proposed development is located at the western portion of the Rizal Park Complex. Access to the site is along Roxas Blvd between the two (2) intersections at Padre Burgos Ave at the North and TM Kalaw at the South. As shown in the figure below, the two (2) major intersections, Padre Burgos-Roxas Blvd and Kalaw Ave-Roxas Blvd, on its eastern side are indicated by the blue circles.

Figure 1. Western Section of Rizal Park Complex



The location for the proposed development is categorized as a general public open space zone. It is surrounded by medium intensity commercial/mixed use zones to the north, university cluster zones to the northeast, and general institutional zones and high intensity commercial/mixed use zones to the south and southeast, respectively. To the northwest is the port area and to the west is Manila Bay.

The project site is in Barangay 666, Zone 72 under the administrative jurisdiction of Ermita, 5th District of Manila, approximately 1.2 kms away from Manila City Hall and walking distance to popular tourist destinations like Luneta Park, Intramuros and National Museum. It is very near the US Embassy and the South, North and International Container Terminal of the Port of Manila. A few kilometers away is the CCP Complex. It is adjacent to the famous Rizal National Monument, the Manila Hotel, Club Intramuros Golf Course, Manila Ocean Park, Rizal Park Hotel and Museo Pambata. The land use map of Manila City is presented in Figure 3.

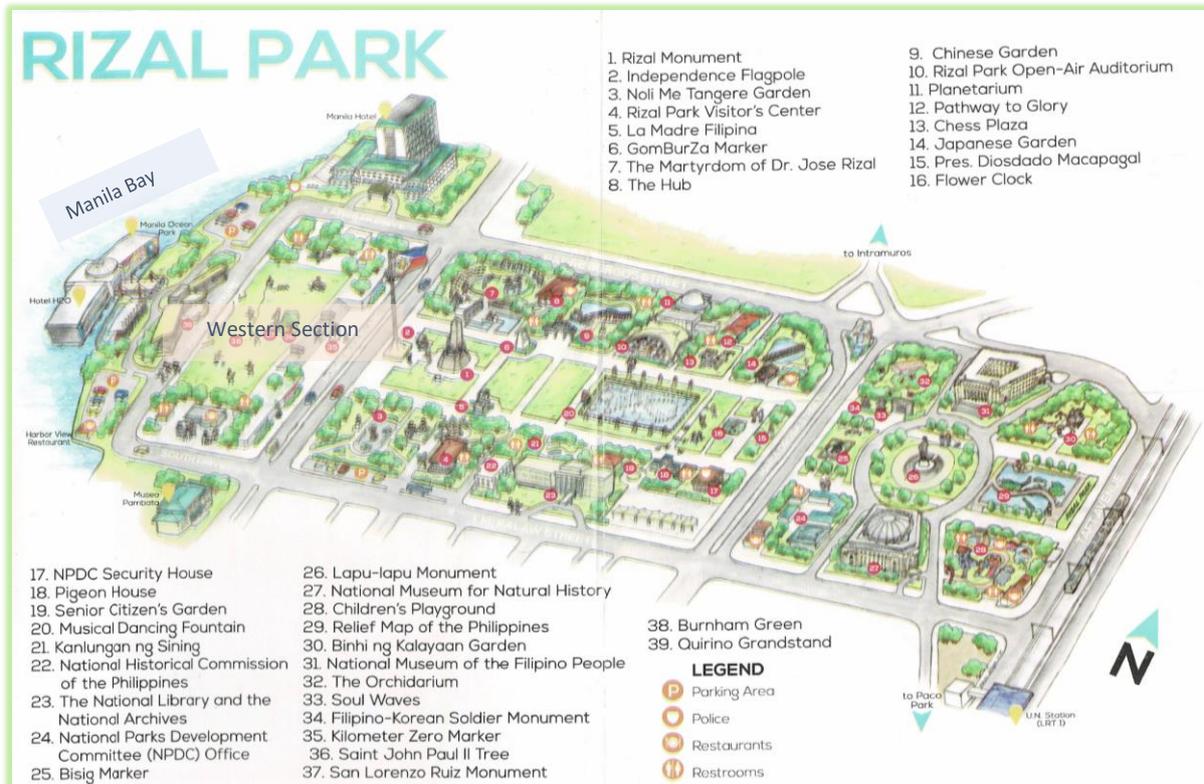
Figure 2. Vicinity of the Project Site



Site Profile

Rizal Park has numerous attractions including those in the area to be developed, the western end towards the Manila Bay Coastal Area as reflected in NPDC's Rizal Park Map in Figure 5².

Figure 3. NPDC's Rizal Park Map (indicating the project area)



The western section of Rizal Park is a popular venue for large gatherings and events which require large open space. The Quirino Grandstand, Parade Avenue and Burnham Greens provide a large continuous open space. The Burnham Green alone is around 7.5 hectares. It has a wide street level perimeter walk and podium stairs are provided at the north and south as well as in the Roxas Boulevard side for access to the elevated portion of the Burnham Greens which is covered with grass. Except for the St. John Paul Tree at the middle portion, trees are at the south and north areas of the Burnham Greens. The perimeter of the Burnham Greens and the open spaces towards Manila Bay, beside the Manila Ocean Park are currently used as parking spaces. Figure 6 shows photos of existing structures, trees, and conditions in the project area.

² Slightly modified from NPDC's Rizal Park Map to illustrate relative location of the project site

Figure 4. Existing Structures and Conditions in the Project Area



The proximity of the project area to Manila Bay, known for beautiful sunset view, with the sea breeze and adjacent park attractions makes it an excellent attraction for local and international tourists looking for open space and fresh air in the midst of the crowded Metro Manila. Manila Bay is a natural heritage of value to culture, science, and the Filipino people. No less than the Supreme Court has issued a continuing mandamus to various agencies including DENR, MMDA, DPWH, LWUA, PPA, DBM and PCG to clean-up, rehabilitate and preserve the bay and maintain its waters under Class SB (recreational and fishery waters). Compliance with the mandamus is quite a challenge for the agencies as more projects like the Rizal Park Western Section Development Project and a number of reclamation projects are being planned. **Annex A** of this Report shows some of the reclamation projects near the project site as well as key infrastructure projects like the Bataan-Cavite Bridge which may have impacts on the Project. **Annex B** further presents recent developments in the Park that may complement the proposed developments in the western section including the Urban Garden, central section open auditorium, and the National Museum of Natural History.

Accessibility through public transport

Park visitors may access the Western Section of the Rizal Park through both (i) public transport and (ii) private vehicles (see Figure 7).

Rizal Park (Western Section) may be accessed through the Light Rail Transit Line 1 (LRT-1). One of its stations, the UN Avenue Station, is located less than 500 meters away from Rizal Park.

Other modes of public transport may also cater to visitors going to the Park. Several public utility jeepney (PUJ) routes traverse the Park via Maria Orosa Street. These routes connect to the routes from the areas of Intramuros to Malate and vice versa.

Similarly, Taft Avenue, located along the eastern perimeter of the Park, caters to a number of intra-city and inter-city buses, AUV/FX and PUJ routes. Transit routes passing along this section of Taft Avenue lead to areas in the cities of Quezon, Caloocan, Makati, and Pasay.

Accessibility through private vehicles

For visitors/tourists going to the western section of Rizal Park using private vehicles, the Park is well connected to different areas of the City and Metro by major national roads.

The Rizal Park Complex is bounded by Padre Burgos Avenue to the north, T.M. Kalaw Avenue to the south, and Taft Avenue to the East. The park is traversed by Roxas Boulevard on the western side and by Taft Avenue on the eastern side.

Roxas Boulevard is one of Metro Manila’s major north-south arterial roads, and leads to the Port of Manila (northern side) and to the Coastal Road which is one of the main highways going to the province of Cavite. Taft Avenue is also one of Metro Manila’s major north-south thoroughfares.

Private vehicle users going to the Park can generally enter from all of the roads mentioned above.

Figure 5. Public Transport Access



Future Connectivity

Three (3) stations of the proposed Manila Bay Bus Rapid Transit (BRT) Line is planned to be constructed around the immediate vicinity of the Rizal Park (see Figure 7). The Manila Bay BRT Line will run on exclusive lanes and have its own fully equipped stations. The busway for this BRT line will mostly be in the road median. A total of

15 stations is envisaged, including several interchanges with LRT1. The line is expected to ferry 140,000 journeys per day by 2035, being served by bi-articulated buses to cater for all the demand on the corridor.

These proposed three stations within the vicinity of the Rizal Park are as follows:

- **Rizal Park** This station is to be located just in front of the National Library, providing direct access to Rizal Park. This is expected to positively influence increase of foot traffic at the Western Section.
- **United Nations** The station name is made consistent the name of LRT 1 station, which is just a few steps away from the proposed BRT station, across Plaza Salamanca. It serves the National Museum of Natural History, the Manila Doctors Hospital, the WHO Regional Office and the Maritime Industry Authority, amongst many other establishments.
- **City Hall** This station is split in two parts: One platform is on the other side of the road and commuters can cross using the existing underpass. The other platform is on the sidewalk along the City Hall building. The station is also within reach of Intramuros, one of the major attractions in Metro Manila.

The Manila Bay Line terminates at Lawton Intermodal Terminal where it connects to the LRT 1 and the future Quezon Avenue BRT Line.

2.2. Overview of the RPCFTEZ Comprehensive Tourism Master Plan

On October 7, 2014, the TIEZA Board designated the Rizal Park Complex Flagship TEZ (RPCFTEZ) and approved its Comprehensive Tourism Master Plan which was subsequently ratified by the NPDC Board on August 27, 2015. As a Flagship TEZ, TIEZA provides initial investments to trigger the participation of investors in the zone. The development of the 54-hectare RPC Flagship TEZ was contemplated in the 2014 CTMP by Berkman International Inc.

The Master Plan focuses on converging activities into the main section or the Central Section where the Rizal Monument is, while the Western Section and the Eastern Section are its confluence areas. These three (3) important sections are subdivided as follows:

- Eastern Section bounded by Taft Avenue, Maria Orosa Avenue, T.M. Kalaw Avenue, and Padre Burgos Avenue;
- Central Section bounded by Maria Orosa Avenue, T.M. Kalaw Avenue, Roxas Blvd. and Padre Burgos Avenue; and
- Western Section bounded by Roxas Blvd., South Drive, Manila Ocean Park/Manila Bay and Katigbak Avenue.

Figure 6. Thematic detail of the Rizal Park from the 2014 Comprehensive Tourism Master Plan

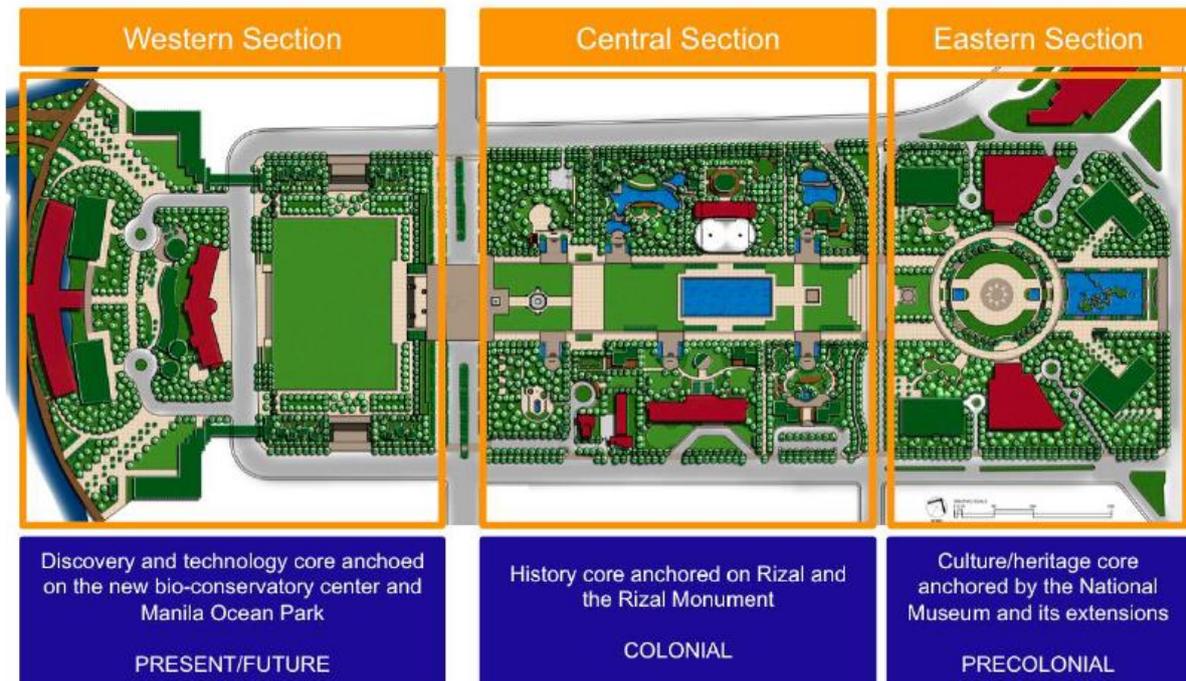


Figure by the Study Team, 2014

Park Tourism Context

Each Section can be considered as an enclave with specific attractions and developments. According to the Master Plan, Rizal Park will be presented as a running thematic history wherein the past, starting from the pre-colonial times going to the colonial up to the modern era is represented. The overall theme is anchored on a Philippine historical timeline from the dawn of the country's archaeological history to a view of its future in the 21st century. Figure 8 shows the thematic detail of the site plan for Rizal Park as a Flagship Tourism Enterprise Zone as presented in the CTMP.

The **Eastern Section** is mainly anchored on the heritage specifically the pre-colonial area, with the National Museum and the Agrifina Circle as the core attraction. The projected use development for these areas will be complimentary to the culture/heritage focus: antique centers/galleries/shops, culture and heritage (both tangible and intangible) shops and learning/resource centers showcasing examples from all over the country for locals and tourists, art galleries, archaeological and anthropological resource and learning enclaves, craft "guild houses" and training enclaves, and medium/small capacity conference centers to cater to educational and research exchange.

The **Central Section** is considered as the core of the Park tourism. It is anchored on the colonial era with the Rizal monument as the main attraction that will highlight his life and ideology in parallel to the history of the country. This makes up the theme that will run through the enhancement and re-programming of this section. The proposed developments include amenity centers inclusive of commercial retail (food stalls/souvenir stands – static and mobile with parking zones) along with comfort stations as well as mini-First Aid, Security and Visitor Stations for Park user support and safety needs.

The **Western Section** with two (2) distinct areas, the Burnham Green and Grandstand enclave, will have a discovery and technology tourism theme. The section provides an opportunity to slowly transition from the historic scenario of the Park into a modern era.

In the CTMP land use plan, the four (4) corners of the Burnham Green are targeted for insertion of 1-story development lots. These are proposed single detached structures with green features, green roofs, vegetated walls and interspersed between the existing trees in the north and south fringe corners of the Greens. Pedestrian

“sky-paths” were proposed to be integrated into the north/southwest corner to connect the Greens to the Western Section across Parade Street. Amenity development cores inclusive of commercial and retail (food stalls/souvenir stands – static and mobile with parking zones) along with comfort stations, including mini-First Aid, Security and Visitor Stations for Park user support and safety needs were also introduced along the north-south perimeter of the Greens near the center beside the development areas.

The Grandstand enclave across Parade Street was also proposed to be focused on discovery and technology as well as learning and education. Since the Manila Ocean Park is a ready venue for schools, the development of a new Bio-Conservatory (ecology/nature conservation interactive area in a geodesic dome) was introduced to allow for an enriched “discovery” and learning experience for park visitors. The envisioned Bio-Conservatory facility was seen to work in tandem with the Herbarium (formerly the Planetarium) in the Central Section to consolidate a “green agenda” for a more dynamic green experience and “green activism” within the entirety of the Park. Further, it was mentioned that if Rizal Park puts up a port for international cruise ships at the north corner of the development over Manila Bay, the nearby facilities can be developed as a tourist/visitor enclave showcasing what can be experienced within the heritage core of the Rizal Park, National Museum and Intramuros.

Though the shift in timeline is evident from the east to west sections of the Park, from Taft Avenue to Manila Bay, each Section is also presented as a stand-alone and cohesively planned space that can be experienced selectively. **Annex C** shows the detailed site plan for Rizal Park as a Flagship Tourism Enterprise Zone as proposed in the Master Plan.

2.3. Historic and Social Significance

As shown in Figure 4, most of the land area of Barangay 666 is occupied by the Rizal Park, the Intramuros Golf Course, offices and tourist destinations and a strip of commercial areas adjacent to Luneta / Rizal Park. There are very few residential areas within the barangay.

Rizal Park which was formerly called “Luneta” from the French word Lunette which means a crescent – shaped fort, was the site of “La Calzada,” the social hub of Manila’s elite. It is considered as one of the most historical places in the country as it is where the national hero was executed in 1896. The Rizal Monument was inaugurated in 1913 and as a tribute, Luneta Park was changed to Rizal Park³.

Based on the Master Plan, the western section contains five development site areas where there is tourism/enterprise activities potential: Kilometer Zero Marker area, Burnham Green, Parade Avenue, the Quirino Grandstand and the Manila Ocean Park forecourt greens and parking. Figure 6 earlier indicates the status of the area. The western section of the Rizal Park has its share of historic and social significance that needs to be considered in further developing the Project and among this are the following:

- a. Rizal Park is one of the few green open public spaces in Metro Manila and the Western Section is a popular venue for large gatherings including political rallies, oath takings and big religious and national events.
- b. The Quirino Grandstand is a permanent replica of original Independence Grandstand made of wood for the proclamation of the Philippine Independence in 1946 and was where the former President Elpidio Quirino had his Oath-taking in 1949.
- c. The Burnham Greens is the largest open area within Rizal Park and one of the remaining original feature of the Burnham Design. The Manila Hotel and the Former Army Navy Club (now Museo Pambata) have mirror image architectural American colonial facades and the open greens provides link and a reminder of Burnham’s legacy.
- d. The Kilometer Zero Marker is the reference point for all distance measurements in the country.
- e. Saint John Paul II Tree is a Narra Tree planted by Pope John Paul II (who is now a saint) during his visit to the Philippines.
- f. The San Lorenzo Ruiz Monument is a statue of the first Filipino Saint, done by an Italian sculptor Tomasso Gismandi was a gift from Pope John Paul II.

³ NPDC Brochure

3. Project Stakeholders

3.1. Stakeholders Engaged

During the phases of the business case development, several key stakeholders were consulted regarding the Project. Table 5 shows the list of stakeholders that were engaged for the consultations, grouped into the public sector, private sector, and civil society organizations.

These entities were consulted through a combination of the following approaches: in-person interviews, online questionnaires, and online video conference.

Table 1. List of Stakeholders

Stakeholder Groups	Entities
Public Sector	<ul style="list-style-type: none">• National Parks Development Committee (NPDC)• Agencies attached to the National Commission for Culture and the Arts (NCCA)<ul style="list-style-type: none">○ National Historical Commission of the Philippines○ National Museum• Intramuros Administration• Department of Public Works and Highways (DPWH) - Flood Control Management Cluster• DPWH – South Manila District Engineering Office• DENR Manila Bay Coordinating Office (MBCO)• DENR Environmental Management Bureau (EMB) NCR• Metropolitan Manila Development Authority (MMDA)• City of Manila – City Planning Development Office (CPDO)
Private Sector	<ul style="list-style-type: none">• China Oceanis Pte. Ltd., (owner-operators of the H2O Hotel and Ocean Park)• Rizal Park Hotel (operated by Oceanville Hotel and Spa Corporation)• First Georgetown Ventures Inc.
Civil Society	<ul style="list-style-type: none">• Philippine Tour Operators Association (PhilTOA)

4. Project Analysis

4.1. Technical Analysis and Development Options

The Technical Analysis is oriented towards an understanding of the overall various factors and considerations that characterize the Western Section of the Rizal Park Complex, as related to its potential for responsive development options that can attract private sector participation in addressing the interests of the Tourism Infrastructure and Enterprise Zone Authority and the National Parks Development Committee.

The guiding assumption on which the Technical Analysis is based is that the Rizal Park Complex is functionally the largest, most historically and culturally significant public park not only in the City of Manila but the whole of Metropolitan Manila. Thus, its primacy as a green, open space forms the guiding principle behind the development approaches embodied in this study.

4.1.1. Objectives of Technical Analysis

The Western Section of the Rizal Park Complex would need to be considered by way of its synergy with the Central and Eastern Sections of the RPC. The synergy would need to provide for a complementary relationship behind what it could offer by way of enhanced activities, experiences, and facilities with due consideration of those that characterize the other Sections.

This orientation called for a rationalized balance between approaching development proposals that would enhance the attractiveness of the Western Section vis-a-vis the mix of elements characterizing the Central and Eastern Sections.

Beyond the immediate context of the Rizal Park Complex, the nearby Intramuros and Tourist Belt district is also considered, as well as the more macro context of Metro Manila as a whole.

The following are the objectives of the analysis:

- To ascertain key conditions that have potential impacts on development options for the Western Section of the Rizal Park Complex;
- To understand the key contextual characteristics of the Western Section of the RPC in relation to its role as a key component of the largest public park in the City of Manila, and the larger Metropolitan Manila;
- To validate the extent, both in scope and scale to which development can occur, given the primary functional identity of the Rizal Park Complex as public green open space;
- To allow for a balance between interventions needed to attract Private Sector participation, and the primary objective of providing inclusive access to the Rizal Park as a public amenity;
- To delineate and define the types of developments that will resonate with the original theme of the proposed development as outlined in the Comprehensive Tourism Master Plan while allowing a reasonable return on investment by the Private Sector to enhance its attractiveness for collaboration and partnership; and
- To consider possible interventions that can address issues relating to resilience, disaster mitigation and other long-term threats that climate change and environmental degradation pose;

4.1.2. Project Scope and Development Approaches

Site Context

The Western Section of the Rizal Park Complex is an approximately 16.6 hectare site bounded on the North-Northeast (NNE) by Roxas Boulevard, the North-Northwest (NNW) by the Katigbak Parkway, the South-Southwest (SSW) by the waterfront along Manila Bay, and the South-Southeast (SSE) by the South Road (Kalaw).

The Western Section has long been primarily characterized by its key location, which is enhanced by its adjacency to the waterfront of Manila Bay and its highly popular sunset views. Prior to the development of the Manila Ocean Park which opened in March of 2008, the waterfront featured a large playground and park space behind the Quirino Grandstand with a continuous breakwater along its frontage on Manila Bay.

The approximately 8-hectare Burnham Green with the 4-hectare central open space provides the largest public open space both in the City of Manila, and the Metropolitan Manila conurbation. Cultural and historical assets within the immediate periphery of the Western Section, such as the Manila Hotel, the Luneta Park Hotel (formerly the Army Navy Club) and the Museo Pambata (formerly the original Elks' Club) provide for key attractions along with the newer Manila Ocean Park.

Across its frontage along Roxas Boulevard is the approximately 18-hectare Central Section of the Rizal Park Complex with the Rizal Monument as its key focal element, along with the National Library, National Historical Institute, the Chinese Garden, Planetarium, Concert amphitheater, and the Japanese Garden.

The Eastern Section of the Rizal Park Complex is approximately 16 hectares in area. It is anchored by the National Museum Complex, comprising the former Senate of the Philippines Building at its northernmost tip, and the former Department of Agriculture and Department of Finance Buildings at the Agrifina Circle, with the new statue of Lapu-Lapu at its center. The NPDC is also located at the Eastern Section. With its frontage along Taft Avenue to the Northeast (NE), the Eastern Section provides the closest access to a mass transit line, the LRT 1 with the nearest station being the United Nations Avenue Station. The National Museum is also within proximity to the Manila City Hall which is closer to the Central Station of the LRT 1 at Mehan Gardens, adjacent to the Metropolitan Theater, and Plaza Lawton.

Development Parcels

The Conceptual Design Proposals for the Western Section, focused on the following component parcels:

- 1 the **Burnham Green** proper, an approximately 8-hectare site including the approximately 4-hectare Burnham Green open space, and the four quadrants located along the Katigbak Parkway and the South Road (Kalaw);
- 2 the **Southeast (SE) Esplanade** (formerly referred to as the TIEZA Esplanade), an approximately 8,245 sq.m. site, on the southeast corner of the Western Section, bounded by the former Army-Navy Club complex and the Quirino Grandstand;
- 3 the **Quirino Grandstand** site, an approximately 1-hectare site including the existing Quirino Grandstand, and the open areas between the grandstand and the Manila Ocean Park, located to the southwest of the Burnham Green along the Independence Road;
- 4 the **Northwest (NW) Esplanade** (formerly referred to as the Cruise Ship Terminal site), an approximately 1-hectare site on the northwest corner of the Western Section, located beside the Quirino Grandstand, Manila Ocean Park and the Manila Hotel compound, on the corner of the Katigbak Parkway and Independence Road.

Some of the key parameters initially considered for the Western Section of the RPC included the following:

- a. Introducing a mix of activities and facilities that would synergize and complement those of the whole Rizal Park Complex
- b. Reconceptualizing the key facilities that would resonate with the overall cultural and historical significance of the Rizal Park Complex in general compliance with the original Comprehensive Tourism Master Plan or the Berkman Master Plan of 2014, while considering how to attract interest and participation of the Private Sector in the project;
- c. Address the perceived lack of parking facilities in the overall Rizal Park Complex, and the compromised accessibility to the general public;
- d. Providing for a more diverse mix of attractions, facilities and much needed public amenities to enhance visits and general public patronage of the Western Section; and
- e. Mitigate flooding in the Western Section of the RPC due caused by excessive rainfall during typhoons and inclement weather with appropriate ancillary facilities integrated in the design.

Scheme 2 Alternative A (Proposed Scheme):

Scheme 2 as proposed retains the NW and SE Esplanade 3-Storey Mixed-Use developments but reduces the Parking Building capacities to provide only for the parking ratios stipulated by the National Building Code (NBC), with no major surplus. The Quirino Grandstand proposals are retained. The Burnham Green concessions are reverted to the original One-Storey Stalls with Al Fresco areas proposed in the Berkman Master Plan. The Scheme 2 components are outlined as follows:

a. SE Esplanade (former TIEZA Esplanade site)

Proposal includes a 3-storey mixed-use facility at the SE Esplanade with 1-storey and roof-deck parking to provide for the minimum National Building Code requirements, and within the building height limits stipulated in the Berkman Masterplan with 15m wide esplanade and open landscaped areas. Spaces are intended to complement and resonate with the cultural, historical and institutional character of the original Berkman Master Plan but with a mix of other activities, e.g., dining, entertainment and commercial use. The Schematic Designs shown are not intended to be definitive and may be revised and refined by the Private Sector Proponent as may be needed.



Figure 7. Conceptual Rendering of the Three-Storey SE Esplanade Building with 15m esplanade

b. Quirino Grandstand Redevelopment

Proposal retains the original 2-Storey Commercial Concessions located at the rear of the Grandstand with on-grade parking along the driveway, rehabilitation of the Quirino Grandstand and the spaces below the grandstand. The proposal takes into consideration the existing driveway access to the Manila Ocean Park. In addition, the existing Ground Level Lobby at the rear of the Quirino Grandstand was retained with access and drop-off with rehabilitation of the ground floor spaces and facilities of the Quirino Grandstand.



Figure 8. Conceptual Rendering of the Two-Storey Concession Buildings at the rear of Quirino Grandstand

c. Burnham Green Quadrant Concessions:

Earlier proposal was to provide 2-storey concessions with AI Fresco Roof-deck dining, flanking redeveloped grand staircases with pedestrian ramps leading up to the Burnham Green. In addition, admin offices, utilities and public comfort rooms were to be integrated with the proposed development as shown in the following conceptual rendering.



Figure 9. Conceptual Rendering of Two-Storey Concessions at Burnham Green Quadrants

However, it was decided to revert to the 1-Storey concessions of approximately the same area (approximately 1,400 to 1,600 sq.m.) as provided for in the Berkman Masterplan (see Figure 12) for the Burnham Green quadrants, with amenities as specified.



Figure 10. CTMP Original Burnham Green 1-storey development facilities site plan

d. **NW Esplanade (former Cruise Ship Terminal site) –**

Proposal includes the development of 3-storey mixed-use facility at the NW Esplanade with 2-storey and roof deck parking to provide for the minimum National Building Code requirements, and within the building height limits stipulated in the Berkman Masterplan with 15m wide esplanade and open landscaped areas. Spaces are intended to complement and resonate with the cultural, historical, and institutional character of the original Berkman Master Plan but with a mix of other activities, e.g., dining, entertainment, and commercial use. The Schematic Designs shown are not intended to be definitive and may be revised and refined by the Private Sector Proponent as may be needed.



Figure 11. Conceptual Rendering of the Three-Storey NW Esplanade Building with 15m esplanade

While new developments are proposed in the Western section, it is still aimed to retain the unique environmental and social character of the Park and its primacy as a green, open space. Table 6 shows the total footprint of the proposed developments, while Figure 14 shows the indicative site development plan showing the green or open spaces.

Table 2. Scheme 3A Western Section Development Footprint

Component	Total Area (sq.m)	Building Footprint	% Building Footprint
Burnham Green	80,000	1,650	2.1%
SE Esplanade	8,245	4,280	51.9%
Quirino Grandstand	10,000	1,340	13.4%
NW Esplanade	10,500	6,335	60%
Total Area	108,745	13,605	12.5%

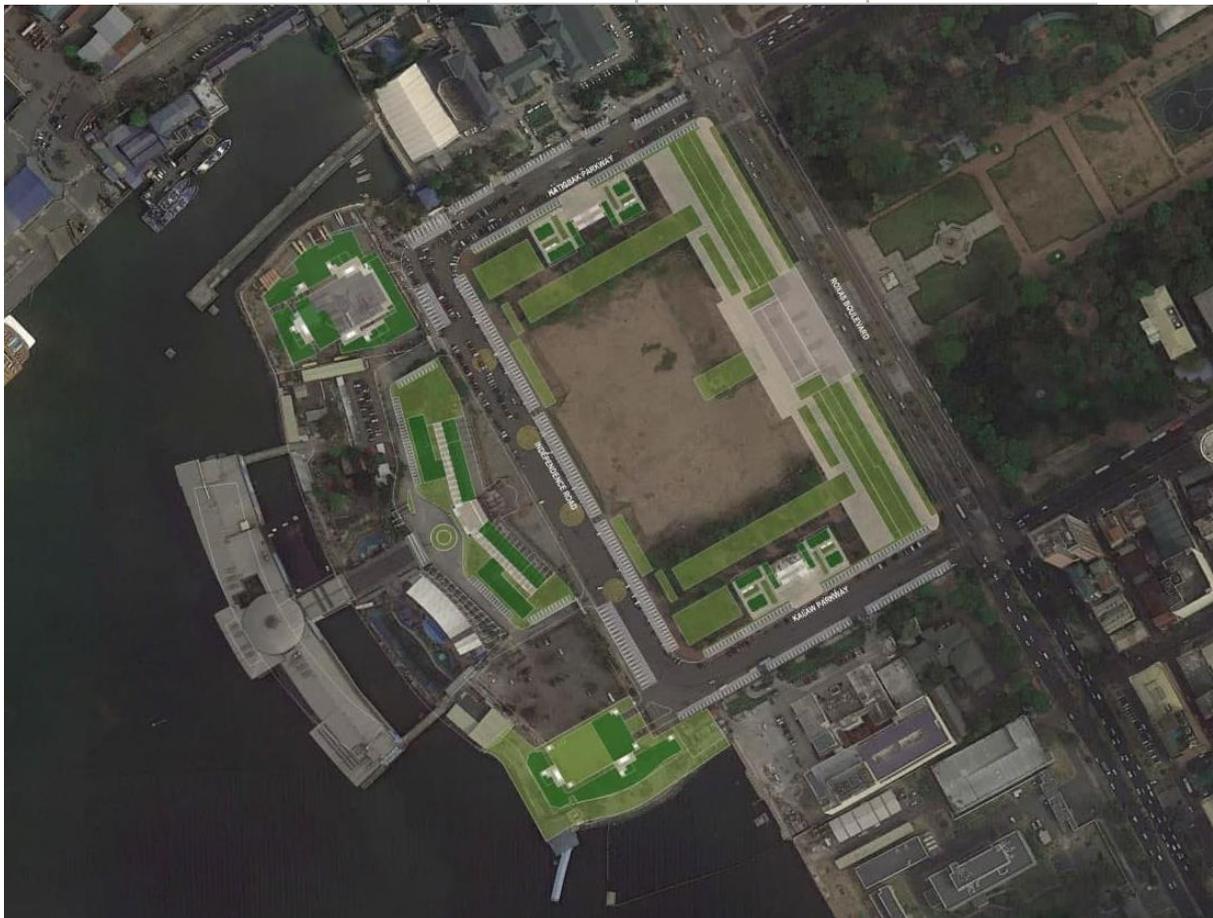


Figure 12. Indicative Site Development Plan

4.2. Economic Analysis

The objective of the economic evaluation is to assess the impact of the Project on the overall economy. While the financial analysis is narrowly focused on project financial flows, primarily to the equity holders, the economic analysis takes a broader perspective by focusing on benefits/costs to the entire economy. There are significant differences between financial and economic analysis as described in the table below.

Table 3. Key differences between financial and economic analysis

	Financial Analysis	Economic Analysis
Focus	Project	Entire Economy
Objective	Assess project ability to repay equity-holders	Assess project impact on country's welfare
Key Entities	Equity holders	Consumers, Equity Holders, Government, etc.
Prices	Market Prices	Shadow Prices (undistorted prices)
Price Level	Nominal Prices	Real Prices (no inflation)
Taxes	Included in analysis	Excluded from analysis
Consumer Benefit	Market Price	Willingness to pay (WTP)
Discount Rate	Cost of Equity (Equity Holders Opportunity Cost)	Social Discount Rate (Society Opportunity Cost)

The Project generates several critical economic benefits. The net economic benefit is the willingness-to-pay (WTP) for goods and services purchased at RPC (retail, office, and parking) minus the RPC's investment cost and operations and maintenance. Other benefits are RPC visitor's time and transportation savings, health benefits, and higher quality of life. The Project will also increase the real estate value of the park and surrounding areas.

Beyond the impact of the project on income and spending of the government, other critical economic impacts of the Project include:

- Promotion of physical and mental health. Aside from making people feel better, indirectly it can help lower medical and insurance costs for those people taking advantage of those facilities and activities.
- During the construction and operation of the Project, the Project will provide direct employment benefits to skilled and unskilled labor.
- The private proponent is also expected to provide modern safety and security systems to attract more and enhance the experience of park visitors.
- The additional amenities in the park will contribute to the attractiveness of the park and of the properties located nearby. Higher property values not only benefit the owners, but also the local government in the form of higher tax collection.
- The project facilities will enhance tourism, generating significant economic activity, including (but not limited to) increased sales of locators and other local restaurants/bars and hotels within the area.

5. Enabling Environment: Institutional, Legal and Regulatory

5.1. Legal Basis for the Implementing Agency to Undertake the PPP Project

In this section, the appropriate implementing agency to undertake the Project, the development of the western section of the Luneta Park (or alternatively referred to as “Rizal Park”) shall be discussed. It is intended that the appropriate implementing agency will enter such legally acceptable PPP structure/arrangement (through either a Build-Operate-Transfer modality or Joint Venture scheme) for the improvement of the western section of Rizal Park. The PPP partners will introduce necessary improvements and amenities for public use at the Rizal Park and in the process, establish the area as a Flagship Tourism Economic Zone.

Based on the charter of the Tourism Infrastructure and Enterprise Zone Authority, *i.e.*, R.A. No. 9593, it is the government agency authorized to designate, regulate, and supervise the TEZs established under the aforesaid law, as well as develop, manage and supervise tourism infrastructure projects in the Philippines. On the other hand, the National Parks Development Committee is responsible in supervising the development (beautification, preservation, and maintenance) of the Rizal Park (RA No. 10066).

Mandate of the Tourism Infrastructure and Enterprise Zone Authority

On 12 May 2009, R.A. No. 9593, otherwise known as the Tourism Act of 2009, was enacted into law. It sets forth the mandate of TIEZA as primarily to develop, manage and supervise tourism infrastructure projects in the country:

“SECTION 64. Mandate. — **The TIEZA shall be a body corporate which shall designate, regulate and supervise the TEZs established under this Act, as well as develop, manage and supervise tourism infrastructure projects in the country.** It shall supervise and regulate the cultural, economic and environmentally sustainable development of TEZs toward the primary objective of encouraging investments therein. It shall ensure strict compliance of the TEZ operator with the approved development plan. Pursuant thereto, the TIEZA shall have the power to impose penalties for failure or refusal of the tourism enterprises to comply with the approved development plan, which shall also be considered a violation of the terms of accreditation. Such power shall further be defined under the implementing rules and regulations of this Act.” (Emphasis supplied)

Relatedly, the TIEZA has been granted the authority to designate TEZs upon the recommendation of any LGU or private entity, or through joint ventures between the public and the private sectors:

“SECTION 60. Designation of TEZs. – The TIEZA shall designate TEZs, upon the recommendation of any LGU or private entity, or through joint ventures between the public and the private sectors. Such designation shall be subject to the provisions of this Act and to minimum requirements which the TIEZA shall subsequently promulgate.”

In connection therewith, the TIEZA Board has been granted the power, among others, to: (i) enter into such contracts necessary for the realization of its purpose to develop, manage and supervise tourism infrastructure projects, (ii) construct, operate and maintain infrastructure facilities, (iii) restore or reconstruct all national cultural treasures and shrines located TEZs, and (iv) coordinate with government agencies for the provision of utilities and infrastructure required by TEZs:

“SECTION 69. General Powers and Functions of the TIEZA Board. – The TIEZA Board shall have the general powers of a corporation as provided under the Corporation Code. Furthermore, it shall also have the following powers:

x x x

(c) **Enter into, make, perform and carry out contracts of every class, kind and description** which are necessary or incidental to the realization of its purposes with any person, firm or corporation, private or public, and with foreign government entities;

x x x

(f) **Construct, own or lease, operate and maintain infrastructure facilities** or enter into joint ventures, and grant franchises for, and supervise the operation of, public utilities within TEZs, in coordination with LGUs and agencies concerned;

x x x

(h) **Preserve, restore or reconstruct all national cultural treasures and shrines located within TEZs**, in coordination with the National Museum and other concerned agencies;

x x x

(k) Coordinate with LGUs and other government agencies for the **provision of basic services, utilities and infrastructure required by TEZs;**" (Emphasis supplied)

Clearly, the authority or power granted TIEZA through its Board may be used for the purpose of developing and managing tourism infrastructure projects in the country. The Luneta Park, which is a major historical and tourism site, may well be the object of and benefit from the exercise by TIEZA of such authority and powers.

This view is consistent with the conclusion reached by the Office of the Government Corporate Counsel ("OGCC") in its Opinion No. 122 s. 2020, where it stated that the TIEZA is allowed to enter into a joint venture agreement for the improvement of the Western Side of the Rizal Park Complex and establish a TEZ in the area (subject to certain limitations):

"TIEZA is allowed to enter into a JVA for the improvement of the Western Side of the Rizal Park Complex and establish a TEZ in the area, provided that the ownership of the property remains with the government, and the use of the property remains within the ambit of 'public use/purpose'." (Emphasis supplied)

Mandate of the National Parks and Development Committee

Act No. 2711 (otherwise known as the Revised Administrative Code of 1917), authorizes the President (still referred to as Governor-General in Act No. 2711) "[t]o reserve from sale or other disposition and for specific public uses or service, any land belonging to the private domain of the Government of the (Philippine Islands) Philippines, the use of which is not otherwise directed by law; and thereafter such land shall not be subject to sale or other disposition and shall be used for the specific purposes directed by such executive order until otherwise provided by law."

On the basis thereof, on 19 December 1955, then President Ramon Magsaysay signed Proclamation No. 234 reserving for "National Park purposes" to be known as the "Luneta National Park" a certain parcel of **land of the private domain of the government** located in Ermita, Manila:

"Upon recommendation of the Secretary of Agriculture and Natural Resources as Chairman of the Commission of Parks and Wild Life, and pursuant to the provision of section 64 (e) of the Revised Administrative Code, I, Ramon Magsaysay, President of the Philippines, do hereby withdraw from sale or settlement and reserve for National Park purposes to be known as the "Luneta National Park" **under the administration of the Commission of Parks and Wild Life** subject to private rights, if any there be, **a certain parcel of private domain of the Government**, situated in the District of Ermita, City of Manila, provided, however, that such portions therein as form part of the road shall remain under the administration of the Commissioner of Public Highways, which parcel is more particularly described as follows:

'A parcel of land (the proposed Luneta National Park), situated in the District of Ermita, City of Manila. Bounded on the N., by remaining portion of P. Burgos Drive, property of the Metropolitan Water District and remaining portion of existing street (no name); on the E., by the remaining portion of existing street (no name); on the S., by remaining portion of existing street (no name) and remaining portion of Calle San Luis; and on the W., by property of the City Government of Manila. x x x.'" (Emphasis and underscoring supplied)

Further, pursuant to the powers vested the President under the Revised Administrative Code of 1917, the same parcel of land has been withdrawn from sale and settlement and reserved for a specific public purpose, *i.e.*, as a national park. By virtue of such reservation, the same can no longer be subject to sale or other disposition and shall be preserved as a national park until otherwise provided by law.

The character of the land as a national park continued although its administration has been transferred through time.

On 30 December 1957, through Proclamation No. 470, then President Carlos P. Garcia amended President Magsaysay's Proclamation No. 234 "which established the Luneta National Park" by "transferring the administration of the land covered thereby to the **Jose Rizal National Centennial Commission**."

Thereafter, Executive Order ("EO") No. 30, series of 1963, issued by President Diosdado Macapagal, created an "executive committee for the development of the Quezon Memorial, Luneta, and other National Parks x x x". In EO No. 69, series of 1964, the executive committee, created through EO No. 30, was designated as the NPDC which shall "take charge of the development of **national parks**, especially the Quezon Memorial Park and the Luneta Park." NPDC was also empowered to "create subcommittees as it may deem necessary to carry out its duties":

"By virtue of the powers vested in me by law, I, Diosdado Macapagal, President of the Philippines, do hereby designate the Committee created under Executive Order No. 30, dated January 14, 1963, as the National Parks Development Committee. **The Committee shall take charge of the development of national parks, especially the Quezon Memorial Park and the Luneta Park.**"

On 04 October 1967, through Proclamation No. 273, which revoked Proclamation No. 234 series of 1955, then President Ferdinand E. Marcos **reserved a parcel of land of the private domain** of the Philippine Government located in Ermita, Manila for the "park purposes":

"Upon recommendation of the Secretary of Agriculture and Natural Resources and pursuant to the provisions of Section 64 (e) of the Revised Administrative Code, I, FERDINAND E. MARCOS, President of the Philippines, do hereby reserve for **park purposes**, subject to private rights, if any there be, **under the administration of the National Parks Development Committee, a parcel of land of the private domain of the Government** situated in the district of Ermita, Manila, Island of Luzon, and more particularly described as follows: x x x." (Emphasis supplied)

Upon his signing of Proclamation No. 299, President Marcos named "the National Park in the District of Ermita, City of Manila, the metes and bounds of which are delineated in Proclamation No. 273 dated October 4, 1967, as Rizal Park."

On 26 March 2010, Republic Act ("RA") No. 10066, otherwise known as the "National Cultural Heritage Act of 2009" was promulgated to, among others, "protect, preserve, conserve and promote the nation's cultural heritage, its property and histories". Under Section 32 (c) of R.A. No. 10066, the NPDC, as an attached agency of the Department of Tourism, "shall be responsible in supervising the **development (beautification, preservation and maintenance)** of the Quezon Memorial, Fort Santiago, Rizal, Paco Park, Pook ni Maria Makiling and other national parks and satellite projects".

On the basis of the foregoing laws and presidential issuances, the parcel of land on which **Rizal Park** is a land of the private domain of the government, specifically reserved for park purposes, and whose **administration, management, and development (beautification, preservation and maintenance) are specifically vested with the NPDC**.

This is confirmed by various Opinions issued by OGCC, including, among others, OGCC Opinion No. 69 s. 2021 which provides as follows:

“However, we also opined that the Joint Venture must ensure that TIEZA, TEZ operator and NPDC's administration, management and supervision functions in the Rizal Park Complex are not shared with any JV partner in potential violation of TIEZA's Charter, Proclamation No. 273, and RA 9593. **The law clearly vests in the NPDC the administration and development of the Rizal Park while TIEZA's mandate includes the management and supervision of tourism infrastructure projects among others.**” (Emphasis supplied)

TIEZA vis-à-vis NPDC

Taking the foregoing laws into account, while presumably both government agencies have the mandate to undertake the development of Rizal Park, TIEZA may, under the circumstances, be more appropriate to **lead** and undertake the project through an acceptable PPP structure including the contemplated joint venture arrangement, (subject to such required coordination and consultation with NPDC) considering that it has the more expansive and broad mandate.

As discussed, TIEZA clearly may construct, operate and maintain infrastructure facilities and tourism projects, for the purpose of developing the Rizal Park, which is a major historical and tourism site. Further, considering that the project is intended to be undertaken through a viable PPP structure which may require the execution of an agreement with the private sector, it is helpful that one of TIEZA's **express** powers is to enter into joint venture agreements or other necessary or related agreements in the furtherance of its mandate. In fact, the OGCC confirmed as much.⁴ On the other hand, one may, at the most, only imply (not expressly and clearly deduce from the charter) that the NPDC is similarly expressly empowered to enter into joint venture agreements or similar project structures. On balance, the clearer mandate or authority conferred TIEZA may lend for greater stability of the contractual scheme ultimately adopted.

Notwithstanding, the mandate of TIEZA to develop, manage and supervise tourism infrastructure projects in the country, must be read in conjunction with Section 69 of R.A. No. 9593 which provides that the exercise of the powers of TIEZA to construct, operate and maintain infrastructure facilities, restore or reconstruct all national cultural treasures and shrines located TEZs, and the provide utilities and infrastructure required by TEZs, may be exercised upon **coordination with the “agencies concerned”**.

In this regard, the agency TIEZA will have to necessarily closely coordinate with the NPDC which is primarily tasked to develop, preserve, and manage the Rizal Park.

The need for TIEZA to coordinate and “work closely and consult” with NPDC was likewise emphasized by the OGCC in its Opinion No. 200 s. 2020 to ensure that any development of Rizal Park will always be for park purposes:

“In the development of Rizal Park, bear in mind that it must always be utilized for ‘park purposes’. In any case, **it is recommended that TIEZA work closely and consult with NPDC, the agency tasked to develop, preserve, and manage Rizal Park**, to ensure that any and all activities to be undertaken are still within the ambit of ‘park purposes’. (Emphasis supplied)

In addition thereto, it bears noting that Section 60 of R.A. No. 9593 provides that the designation by TIEZA of TEZs must be upon the recommendation of any LGU or private entity, or through joint ventures between the public and the private sectors:

“SECTION 60. Designation of TEZs. – The TIEZA shall designate TEZs, upon the recommendation of any LGU or private entity, or through joint ventures between the public and the private sectors. Such designation shall be subject to the provisions of this Act and to minimum requirements which the TIEZA shall subsequently promulgate.”

⁴ OGCC Opinion No. 122 s. 2020

All told, TIEZA may enter into such lawfully appropriate agreement or modality (in conformity with relevant law, rules and regulations) for the development of the western section of the Luneta/Rizal Park consistent with its mandate under R.A. No. 9593, subject however to coordination and the recommendation of and/or execution of the appropriate agreement with NPDC for its designation as a TEZ.

6. PPP Modality and Project Structuring

7.1. Proposed Modality and Project Structuring

Public-private partnership (PPP) is broadly defined as a contractual agreement between the government and a private firm targeted towards financing, designing, implementing and operating infrastructure projects that were traditionally provided by the public sector. It highlights optimal risk allocation between the parties to minimize whole-of-life cost of projects while realizing government’s developmental objectives.

This section explores the PPP procurement options for the Project and recommends a contractual arrangement based on the optimal structure and preferred procurement track of the Implementing Agency (IA).

7.1.1. PPP Modalities to be Considered for the Project

As discussed in Section 5.1 on Legal Basis for the Implementing Agency to Undertake the PPP Project, considering its expansive and broad mandate, TIEZA may lead and undertake the Project through an acceptable PPP structure subject to coordination and agreement with the NPDC. As affirmed by the OGCC, TIEZA may enter into a joint venture agreement for the improvement of the Western Section of Rizal Park.

Notably, the OGCC likewise issued an opinion stating that TIEZA has the power to adopt its own rules and procedures for entering into joint ventures, as well as disposing/privatizing its assets⁵. Thus, TIEZA may use its own Joint Venture (JV) Guidelines in the development of the Project.

The TIEZA JV Guidelines defines a **joint venture** as follows, “An association of persons or companies jointly undertaking some commercial enterprise — generally, all contribute assets and share risks. It requires a community of interests in the performance of the subject matter, a right to direct and govern the policy connected therewith, and duty, which may be altered by agreement to share both in profit and losses.”

There are two (2) types of Joint Venture: Contractual Joint Venture and Corporate Joint Venture. Table 25 below presents the said types of JV.

Table 4. Types of Joint Venture

	Contractual or Unincorporated Joint Venture	Corporate or Incorporated Joint Venture
Governing Laws	the Civil Code provisions on partnerships and contracts; and TIEZA JV Guidelines	the Civil Code provisions on partnerships and contracts; TIEZA JV Guidelines; and Corporation Code of the Philippines
Definition <i>(based on TIEZA JV Guidelines)</i>	pertains to a legal and binding agreement under which the JV partners shall perform the primary functions and obligations under the JV Agreement without forming a JV Company.	refers to an entity registered with the Securities and Exchange Commission by the JV partners that shall perform the primary functions and obligations of the JV as stipulated under the JV Agreement.

⁵ Opinion No. 021, Series of 2018

The most common type of Joint Venture among implementing agencies is the Contractual Joint Venture. This type of JV avails the following advantages⁶:

- a. The parties need not incorporate, saving time for faster implementation.
- b. Since Joint Venture is not incorporated under the Corporation Code, there is no need for compliance and other reportorial requirements under the Corporation Code.

Meanwhile, the advantages of Corporate Joint Venture are:

- a. The Joint Venture company will have its own personality under the doctrine of separate juridical personality.
- b. Liabilities of the parties may be limited under the principle of limited liability.

In either type of JV, the IA may grant a concession to the Private Partner as part of a JV Agreement or through a separate concession agreement. Considering the above discussed advantages and preferences of the IA, they may choose from either type of joint venture as they move forward to the tender process.

Figure 13. Basic Scheme of Contractual Joint Venture



Figure 14. Basic Scheme of Corporate Joint Venture

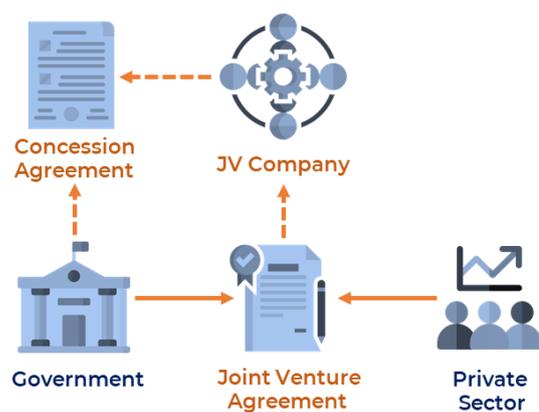
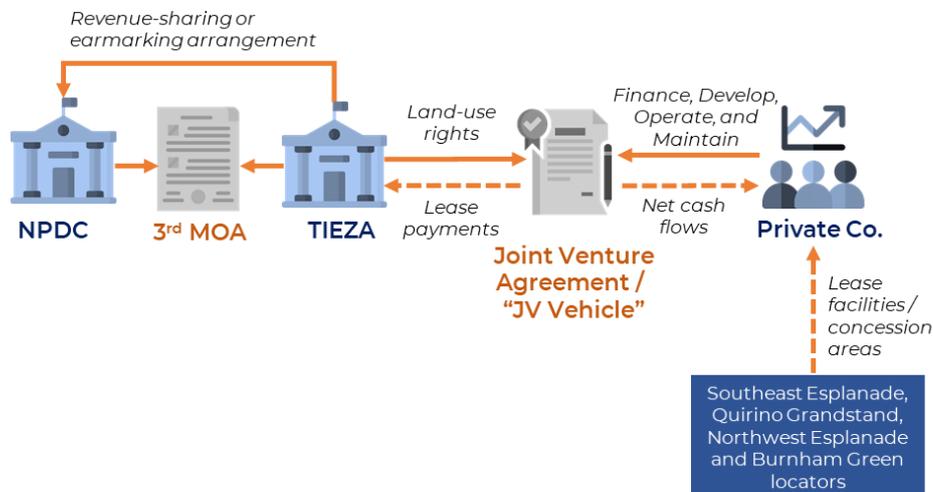


Figure 15. Proposed PPP Structure for the development of the RPC Western Section



⁶ PPPC Guidebook on JVs for LGUs (2019)

The next table lists down the primary responsibilities and cash flow arrangement between the parties.

Table 5. Roles and Responsibilities of the Parties

	NPDC	TIEZA	Private Co. (JV Partner)
Primary responsibility	<ul style="list-style-type: none"> Convey to TIEZA the right to use and develop the Western Section of the Rizal Park Complex Act as TEZ operator, to administer the RPCFTEZ and supervise its activities, and may endorse to TIEZA private enterprises seeking to invest and operate within RPCFTEZ 	<ul style="list-style-type: none"> Enter into a JV agreement with the Private Partner Provide JV vehicle with land use rights for the duration of the JVA Register, monitor and regulate enterprises seeking to invest and operate within RPCFTEZ, and approve and grant incentives to such registered enterprises as provided under Republic Act No. 9593 	JV partner (via JV vehicle) will finance, develop, operate, and maintain the concession areas
Financing	n/a	n/a	JV partner to fully finance all: <ul style="list-style-type: none"> project costs during construction and any cash flow requirements during operations
Net cash flows during operations	Receives revenue share from TIEZA	Receives fixed land lease payments from the JV activity	Generates and retains site revenues - primarily from lease and make payment on any operations phase expenditures (including land lease payments to TIEZA).

7.1.2. Sharing of Responsibilities between TIEZA/NPDC and the JV Partner

Subject to the proposed institutional arrangement between TIEZA and NPDC as defined in their Memorandum of Agreement (MOA) and consistent with *Section 6.2* and the draft MPSS and KPIs document, the following summary of obligations is proposed to be assumed by either the private sector proponent or the Implementing Agency:

Table 6. Private Partner and Implementing Agency Allocation of Obligations

Obligations	Construction / Development		O&M		Remarks
	Private (JV Partner)	Public (TIEZA/ NPDC)	Private (JV Partner)	Public (TIEZA/N PDC)	
1. COMMERCIAL FACILITIES					
a. Burnham Green Development	x		x		<ul style="list-style-type: none"> Limit for construction will be as per: (a) minimum development footprint and (b) maximum GFA; O&M as per type of Business activity which shall be permitted under JV Agreement (as per proposal
b. Southwest Esplanade	x		x		
c. Northwest Esplanade	x		x		

d. Quirino Grandstand	x		x		by JV Partner to be submitted during the bid)
2. INFRASTRUCTURE FACILITIES					
a. Drainage System ● Main drainage line ● Connection from building to tapping point	x		x		See Annex on Technical Report - Part B for the (a) line segregation, and (b) CAPEX and Routine Maintenance cost estimates. Facilities may be developed with the assistance of DPWH/MMDA.
b. Sewerage and Septage System ● Main sewer line ● Connection from building to Septic Tank, to STP, to tapping point	x		x		See Annex on Technical Report - Part C for the (a) line segregation, and (b) CAPEX and O&M cost estimates. Facilities may be developed with the assistance of MWSI.
c. Water System (Building to tapping point)	x		x		Cost for these components is commonly part of the building cost estimates
d. Power Supply (Building to tapping point)	x		x		
e. Traffic Management (Within Project Site)	x		x		Project Site - meets-and-bounds to be set out in Annex A of MPSS (blank now as detail shall be provided after Joint Survey).
f. ICT (Within Project Site)	x		x		Cost for these components is commonly part of the building cost estimates
3. KPI COMPLIANCE					
a. KPI – 01: Socio-Cultural Services			x		Present MPSS framework require the JV Partner to propose Qualified Programs/Activities (as part of Technical Proposal to be submitted during bid stage). TIEZA will then review/accept such proposal and make them part of the JV Agreement. JV Partner is expected to submit a proposed Qualified Programs/Activities that are aligned with their Business activity. Thus, additional cost for compliance is not expected.
b. KPI – 02: Access to Parking			x		In terms of infrastructure cost – base case for cost estimate would be the parking

				<p>requirement of NBC (already included in the building cost estimate);</p> <p>In terms of O&M cost – additional cost to comply to this KPI requirement is expected to be insignificant, most notable items are enumerated below:</p> <p>(i) additional 3 staffs (of minimum wage salary rate) per parking building</p> <table border="1"> <tr> <td>Additional staffs</td> <td></td> </tr> <tr> <td> <ul style="list-style-type: none"> • buildings with parking (Esplanades) • buildings w/o parking (Quirino GS, Burnham Green) </td> <td style="text-align: center;"> <p>0</p> <p>3</p> </td> </tr> <tr> <td>Monthly salary rate</td> <td>PHP9,000/month</td> </tr> <tr> <td>Additional staff cost to maintain KPI-02</td> <td>PHP351,000/year</td> </tr> </table> <p>(ii) Cost for possible offsite parking during occasions of big events. This cost will be easily offset by parking charge that JV Partner may collect. The JV Partner should not be prohibited from levying viable parking charge.</p>	Additional staffs		<ul style="list-style-type: none"> • buildings with parking (Esplanades) • buildings w/o parking (Quirino GS, Burnham Green) 	<p>0</p> <p>3</p>	Monthly salary rate	PHP9,000/month	Additional staff cost to maintain KPI-02	PHP351,000/year
Additional staffs												
<ul style="list-style-type: none"> • buildings with parking (Esplanades) • buildings w/o parking (Quirino GS, Burnham Green) 	<p>0</p> <p>3</p>											
Monthly salary rate	PHP9,000/month											
Additional staff cost to maintain KPI-02	PHP351,000/year											
c. KPI – 03: Waste Management			x	<p>Both CAPEX Cost and O&M costs expected to comply with KPIs are already part of the minimum requirement prescribed by Relevant Rules and Procedures. So whether or not KPI-03 is present, the JV Partner is always expected to invest on this environmental requirement. The only difference with this KPI is that the JV contract will explicitly define financial consequences to an actual non-compliance to any environmental requirement. So if there should be an issue, it should not be on the investment</p>								

					and O&M cost, but maybe on the rate of penalty. Rate of penalty are for further discussion, and to be finalized during one-on-one with bidders.
d.	KPI-04: CCTV Operations and Security			x	Good Industry Practice requires JV Partner to establish security measures over the assets that they constructed. What this KPI seeks to achieve is to formalize them and ensure that TIEZA will have access their CCTV files. Cost should be part of operating the Business.
e.	KPI-05: Internet WiFi Services			x	The concern to be settled is the geographic coverage of the WiFi service. Government may require that WiFi services be provided by JV Partner throughout the Western Section. This may be an issue to JV Partner. However, the draft MPSS only require WiFi Services within Project Facilities. A situation where JV partner will most likely do in the ordinary course of their Business.
f.	KPI-06: Environmental & Disaster Risk Management KPI			x	Similar case as with KPI-03.

Note: For items delivered by the private partner (e.g., main drainage line, main sewer line, etc.), it is expected that it is the responsible party in securing the ECC. If such is the case, they will also be accountable in making sure these facilities are working properly and complying with other safeguards requirements. The IA may extend reasonable assistance to the private partner in securing the ECC and other relevant permits.

7.1.3. PPP Arrangement for RPC Western Section Development Project

The PPP implementation of the Project allows the integration of various development components of the RPC Western Section. The Joint Venture is recommended to be pursued as an “Integrated PPP” where financing, design, improvement, construction, and operation and maintenance of park facilities and attractions in the Western Section of RPC is procured as a single contract or JVA.

Table 7. Qualitative Considerations of Integrated PPP

Procurement Aspects	Integrated PPP
Procurement	Single contract – Single procurement for a combined design, build, operate and/or maintain scope and single point of accountability
Interface Risk	Minimal interface risk between project components
Private Sector Innovation	JV Partner is incentivized to explore technical solutions that can deliver the desired level of service or quality specified in the PPP contract
Contract Management	One private partner obligated to deliver the requirements under a single contract
Cost Recovery Mechanisms	Varying potential investment recovery mechanisms
Attractiveness to the Market	Attractive to a wider range of bidders due to larger scale and varying recovery mechanisms

7.1.4. Proposed PPP Project Structure

The study team considered different scenarios as presented in the previous sections to determine the most appropriate structure in terms of the development schemes amenable to TIEZA/NPDC and the viability of project components for PPP implementation, while ensuring that the Project meets its objectives.

The study team came up with the following recommendations:

Table 8. Indicative Project Details

Project	Rizal Park Western Section Development Project
Implementing Agency	Tourism Infrastructure and Enterprise Zone Authority (TIEZA) with National Parks Development Committee (NPDC) as TEZ operator ⁷
Legal Framework	TIEZA Joint Venture (JV) Guidelines
Project Structure	Contractual Joint Venture
Project scope / General Obligations of the Private Partner	<p>The Project involves the financing, design, improvement, construction, and operation and maintenance of park facilities and attractions in the Western Section of RPC. Specifically, the Private Partner shall take on the:</p> <ul style="list-style-type: none"> ▪ Construction of the Southeast Esplanade (former TIEZA Esplanade site) ▪ Redevelopment of the Quirino Grandstand ▪ Construction of the Burnham Green concession quadrants ▪ Optional development of the Northwest Esplanade ▪ Operation & Maintenance (O&M) of the developed / redeveloped facilities
General Obligations of TIEZA/NPDC	<ul style="list-style-type: none"> ▪ Grant of possession, access and use of project site ▪ Maintaining JV Partner in peaceful possession of project site through JV period ▪ Obtaining and maintaining permits and licenses required to be obtained in TIEZA/NPDC name⁸

⁷ Subject to agreed institutional arrangement between TIEZA and NPDC (i.e., 3rd MOA)

⁸ Based on relevant legal requirements (i.e., permits, licenses, etc.) for the Project

	<ul style="list-style-type: none"> ▪ Assisting JV Partner in obtaining permits and licenses required to be obtained in the JV Partner's name ▪ Administrative, regulatory, and supervisory functions over RPC
Joint Venture Period	30 years
Estimated Project Cost (structure and ancillary investments)	Php 1,438 million (Php 770 million without Northwest Esplanade)
Operations Costs (at year 2 of operations)	Php 82 million (Php 44 million without Northwest Esplanade)
Revenue-generating schemes for the Private Partner	<ul style="list-style-type: none"> - Locator leasing fees (account for more than 90% of the project revenues) - Parking and event revenues (ancillary)
Financial benefits for TIEZA/NPDC	Land lease revenue

PPP Modality

The Rizal Park Western Section Development Project will be implemented as a Joint Venture under the TIEZA JV Guidelines.

The private partner will:

- a. construct the Southeast Esplanade (former TIEZA Esplanade site)
- b. redevelop the Quirino Grandstand
- c. construct the Burnham Green 1-storey concessions
- d. develop the Northwest Esplanade (optional)
- e. operation & maintain the developed / redeveloped facilities according to Minimum Performance Standards and Specifications (MPSS) and Key Performance Indicators (KPIs)

The private partner will recuperate its investments through (1) locator leasing fees, and (2) and parking/event revenues for 30 years. TIEZA/NPDC shall incur land lease revenues assumed at Php 146 per square meter per month. The highest land lease revenue is also the recommended bidding parameter for the Project.

Beneficial features

The configuration of the Project will provide for a date-certain fixed-cost construction of the facility according to quality standards of the private sector. The proposed facilities are in line with the planned redevelopment of the area to improve park experience. The private sector will incur the debt financing for the project, which will not add to the public sector debt.

The private partner will be incentivized to develop facilities of quality that will spur visitor arrivals in the future. The private partner can derive attractive equity returns. The tenor and the cash flows from project will assure lending banks that the project has the capacity to pay its debt service obligations.