The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

St. Petersburg Will Invite Bids for Road Building by Year-End

By The Moscow Times

April 11, 2011



ST. PETERSBURG — St. Petersburg City Hall plans to hold tenders by the end of this year for the construction of new roads and transport hubs, said Alexei Chichkanov, a representative of the committee for investment and strategic projects.

"Under the terms of such contracts — a type of public-private partnership — the winner of the contract builds the project at its own cost, and then is gradually compensated from the budget," Chichkanov said.

"In this way, budget spending is spread out over an extended period, and the contractor can make adjustments to the project, taking into account advances in technology and new building materials leading to an overall reduction in building costs. Under the terms of an ordinary contract, only the administration is allowed to make changes to the project after deciding on a team of developers," he said.

"The investor will be reimbursed within three to five years after the road opens, during which time they will be in charge of its use," added Deputy Governor Yury Molchanov.

The first projects built under the new program could be inner-district roads in the Yuzhny district built by Start Development; underground roads to the low-rise Baltros complex, the Novaya Izhora complex and the Slavyanka complex; and a slip road to the Sampsoniyevsky bridge, Chichkanov said.

Each contract is worth up to 1 billion rubles ($35.4 million). Road building companies don't have enough money to cover such large expenses, and they'll have to borrow the money, said Mevludi Bliadze, general director of Pilon.

"The building contractors may not be able to come up with the initial deposit; the scheme is only viable on condition of guarantees from the budget," he said.

Molchanov disagreed, saying, "Under a standard contract, they can take out a loan."

"The administration won't offer any financial guarantees," he said.

"Even in this format, a government contract is still a good deposit," said Pavel Lavrov, branch manager at Petrocommerce Bank.

Original url:
https://www.themoscowtimes.com/2011/04/11/st-petersburg-will-invite-bids-for-road-building-by-year-end-a6241