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School and Hospital Funding Reallocated to Russian Stadium Construction

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The Zenit football stadium in St. Petersburg will be completed at the expense of school and hospital funding.

The St. Petersburg administration has decided to reallocate funds in the Targeted Investment Program for 2016. Funding for the football stadium will increase by 1.7 billion rubles ($26.2 million), and landscaping for the stadium site on the western part of Krestovsky Island will receive an additional 888 million rubles ($13.7 million).

Meanwhile, officials will cut 505 million rubles of funding for the construction of six schools, 313 million rubles allocated to build seven nursery schools, and approximately 1 billion rubles set aside for building seven hospitals and clinics, the document said. They will also slice 140 million rubles in funding from a sports complex for individuals with

disabilities, and 150 million rubles from the construction of an athletic facility in Tsarskoye Selo. Funding will actually increase slightly for several nursery schools, schools, and public swimming pools. Governor Georgy Poltavchenko signed government resolution No.689 on Aug. 17. The document has been published on the city administration's website.

The stadium will cost 39.2 billion rubles ($605 million) to build, excluding landscaping and primary access zone costs. The stadium must be operational before the end of 2016 in order to host the Confederation Cup games in the summer of 2017 and the FIFA World Cup in 2018.

In mid-July, the St. Petersburg authorities unilaterally terminated their contract with Inzhtransstroy-St. Petersburg, the general contractor for the project, blaming the company for slow and low-quality work. Officials estimated in July that Inzhtransstroy-St. Petersburg had failed to carry out work for which it received advanced payments totaling 3.6 billion rubles.

VTB and the Bank of Moscow extended bank guarantees totaling 3.8 billion rubles to Inzhtransstroy-St. Petersburg through Jan. 17, 2017.

The municipal construction committee explained that the general contractor had not performed the required work or returned the advance funds, creating a funding shortfall for the stadium's construction.

Administration officials said that the projects for which funding was reduced are scheduled to open in 2017 and 2018, and that the reallocation of funds will not cause delays.

Metrostroy has been selected as the new general contractor.

Last week, St. Petersburg Legislative Assembly deputy Boris Vishnevsky wrote a letter to Governor Poltavchenko asking him not to implement the resolution. "It is categorically wrong to complete the stadium by reducing funding to social projects," he said.

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