

## Public-Private Partnerships in Waterfront Regeneration Processes: the case of the Port of Livorno

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### ABSTRACT

The public contracting models based on Public-Private Partnerships (PPPs) arrangements, initially used in other sectors, have also become part of urban planning, including urban regeneration projects. Despite this, PPP arrangements in urban regeneration projects face many obstacles, reflecting the essence of this contracting instrument and the particularities of the sector itself. In this sense, it is important to study best practices and the Critical Success Factors (CSFs) that can contribute to these practices. Based on this, this study analyzes a concrete case of urban regeneration through a PPP: the waterfront and Port of Livorno developed through the *STU Porta a Mare*. The analysis refers to different aspects, considering the urban features of the project itself and issues relating to the partnership. Through the analysis, the study aims to identify best practices and success factors specific to this case, which could influence other partnerships in the same scope.

**Keywords:** Public-Private Partnerships (PPPs), urban regeneration, waterfront, Livorno *Porta a Mare*

**Topic:** espacio público y proyecto urbano en la metrópolis contemporánea

## 1. Introduction

The evolution of urban planning in terms of the active presence of private agents can be observed from the second half of the twentieth century. In this context, public procurement models called Public-Private Partnerships (PPPs) gained strong prominence in several countries, especially from the 1990s (Sarmiento, 2013).

The public contracting models based on PPP arrangements were initially used in other sectors – roads, railroads, ports, and health facilities (Cruz and Marques, 2012). Gradually, however, partnerships also became part of urban planning projects, including urban regeneration projects.

Regarding urban regeneration, it has gained prominence in the reality of several countries, either as a response to observed urban degradation and decline (Lee and Hwang, 2018) or in an attempt to give new functions to obsolete areas and control urban growth (Cerasoli and Mattarocci, 2020). Among the strategic areas for urban regeneration, many cities are regenerating their waterfronts, seeking to recover their degraded areas, which in many cases correspond to port areas and former industrial areas (Chen, 2020; Hagerman, 2007).

In the Italian scenario, PPPs in urban planning projects can be of three types: purely contractual PPPs, institutionalized PPPs, and negotiable PPPs. Among institutional PPPs and in the context of urban regeneration, Urban Renewal Companies (*Società di Trasformazione Urbana – STU*) stand out (Copiello, 2011).

Despite their use in different contexts, PPP agreements in urban regeneration projects face many obstacles, reflecting the essence of this contracting instrument and the particularities of the sector itself. In this sense, it is important to study good practices related to these PPPs, such as the Critical Success Factors (CSFs) that can contribute to these practices (Osei-Kyei & Chan, 2015).

CSFs in PPPs have been studied by different authors over time, whether concerning specific periods, the specific purposes of PPPs, or specific contexts. Despite this, CSFs in PPPs for urban regeneration projects is a topic not widely addressed, demonstrates a need to better understand which factors can influence this type of partnership. In this sense, analyzing practical experiences to extract influencing factors can also be interesting.

Based on this, the present study aims to analyze a specific case of waterfront regeneration carried out through an Urban Renewal Company: the case of the regeneration of the Waterfront di Livorno, through the *STU Porta a Mare*. The analysis refers to different aspects, considering the urban features of the project itself and issues relating to the partnership.

*STU Porta a Mare* is a mixed equity company formed by the Municipality of Livorno and the private group Azimut-Benetti for the urban regeneration of a considerable port area on the waterfront of Livorno. The developed project has five different areas – *Piazza Mazzini*, *Officine Storiche*, *Molo Mediceo*, *Arsenale* area, and the former *Lips* area – with residential, commercial, and service uses (iGD SiiQ spa, 2013).

Through the analysis of the Waterfront di Livorno and *STU Porta a Mare*, the study aims to identify good practices and success factors specific to this case, which could influence other partnerships in the same scope.

## 2. Research Methodology

As mentioned above, the study analyzes the specific case of the urban regeneration project for part of the Port of Livorno and the public-private partnership responsible for developing the project, *STU Porta a Mare*. The analysis aims to identify the success factors that favored the development of the partnership and the project.

The analysis considers some important elements: the context of Livorno and the Porto, the proposed urban regeneration project, the partnership and their development, the current state of the project, and, finally, the success factors that can be learned from this specific case.

To this end, different sources of information were used: books, theses, and scientific articles on the topic; promotional documentation for the project; official partnership documents, including Statutes, annual balance sheets, concession resolutions, and agreements.

### 3. Livorno's waterfront and *STU Porta a Mare*

#### 3.1. Context of Livorno and the Port

Livorno is a municipality located in the Tuscany region. With a population of around 160,000, it is the third-largest city in the region. Its geographical position is favorable since it is in the middle of Italy and the Mediterranean. Livorno, together with the municipalities of Pisa and Collesalvetti, form the so-called "industrial triangle" (iGD SiiQ spa, 2013). Furthermore, from a strategic point of view, the port of Livorno is part of the coastal logistics platform, together with Pisa Airport and the Guasticce Interport, and is also linked to the Gonfienti Interport in Prato and Florence Peretola Airport, as well as the other ports on the Tyrrhenian Sea (Corradini & Morucci, 2012). In this sense, considering its large territorial scale, the port area of Livorno is strategic for the whole region and is easily accessible by main roads.

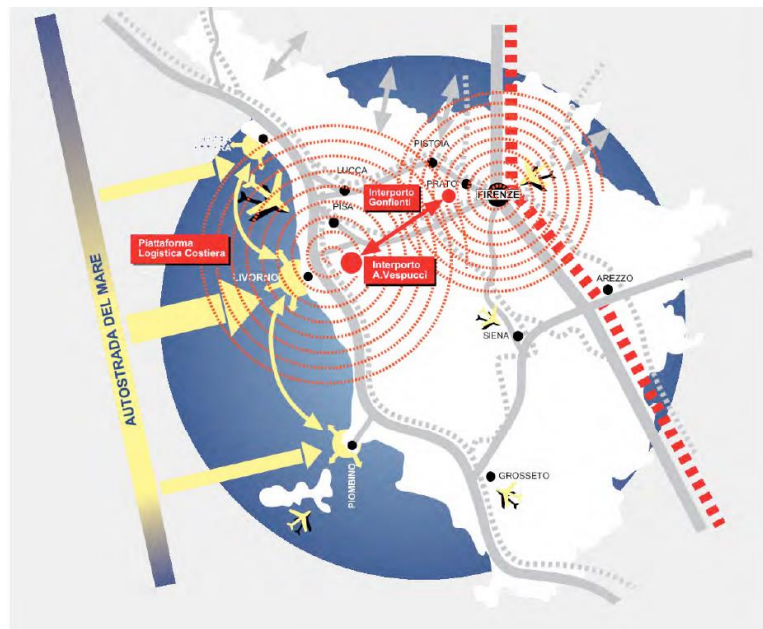


Fig. 01 The context of Livorno and the Port. Source: Corradini & Morucci, 2012.

The city of Livorno was founded at the service of the port, which was the central element of the city until then (Corradini & Morucci, 2012). On an urban scale, the port is placed in an interesting pedestrian context, close to the historic center, important monuments, streets, squares, commercial and public activities, and educational facilities (iGD SiiQ spa, 2013). In this sense, the Livorno port area and the waterfront have been receiving greater attention from the municipality, including major urban intervention projects.

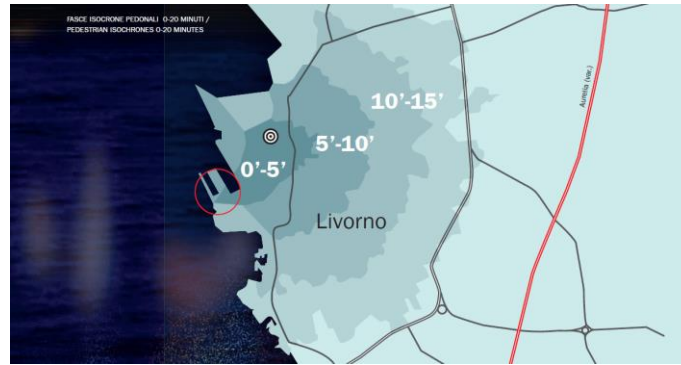


Fig. 02 The context of Livorno and the Port. Source: iGD SiiQ spa, 2013.

### 3.2. Proposed project

The area subject to urban regeneration on Livorno's waterfront is called *Porta a Mare*. The urban regeneration project for the area, covering more than 10ha, aims to transform Livorno's waterfront and port into a "waterfront of excellence" through a multifunctional hub that brings together commercial, office, residential, and service spaces linked to tourism, as well as new mooring areas (Moretti, 2019).



Fig. 03 The area covered by the project (above) and the idealized masterplan (below). Source: Moretti, 2019.

The entire project is made up of five zones: *Piazza Mazzini*, *Officine Storiche*, *Molo Mediceo*, *Arsenale*, and *area Lips*, each with its own identity and specificity. *Piazza Mazzini* and the *Officine Storiche* are dedicated to the development of residences, offices, retail spaces, shops, restaurants, and parking spaces, while *Molo Mediceo* and the *Arsenal* are intended for tourist facilities and accommodations. The *Lips area* - connected by

a bridge to the *Molo Mediceo* and the *Arsenal* area - is dedicated to leisure and recreational activities, as well as residences and tourist facilities (iGD SiiQ spa, 2013; Moretti, 2019).

The development of the project was divided into two phases: the first phase focuses on *Piazza Mazzini* and the *Officine Storiche*. The second, on the other hand, involves the *Molo Mediceo*, the *Arsenal* area, and the *Lips* area, with completely autonomous development of the works due to their geographical positioning and the possibility of exclusive access (iGD SiiQ spa, 2013).

The project thus aims to restore historic buildings of industrial architecture and former shipyards, proposing new functionalities and creating a relationship of continuity between the past and present of the area. The hope is to give the waterfront and the city itself a new image, as has happened in other European cities that have regenerated their waterfronts.

Regarding the design of the areas, the first phase (*Piazza Mazzini* and the *Officine Storiche*) was designed by Cobolli Gigli e Monico Studio EET and Studio Retail Design by architect Paolo Lucchetta, while the second phase (the *Molo Mediceo*, the *Arsenal* area, and the *Lips* area) was designed by Oneworks, the Italian architecture and engineering firm that boasts an international experience in the field of infrastructure (Moretti, 2019). The entire project was initially scheduled for completion in 2022.



Fig. 04 The five areas of the proposed project. Source: iGD SiiQ spa, 2013.



Fig. 05 Render of the proposed project. Source: iGD SiiQ spa, 2013.

### 3.3. *STU Porta a Mare*

The designation of the *Porta a Mare* area, as well as the possibility of regenerating the area, has been presented since the 1997 Structural Plan, in the context of the crisis of the Luigi Orlando shipyards (Ordine Ingegneri Livorno, 1996).

Although it was first mentioned in 1997, the partnership responsible for the regeneration of Livorno's waterfront was only established in 2003 (Copiello, 2005). In this case, it was a "*Società di Trasformazione Urbana*" (STU), i.e. an institutionalized partnership between the public and private sectors. The creation of the STU went through different stages, starting back in 2001 (Ordine Ingegneri Livorno, 1996).

At the end of 2001, and faced with the crisis of the Orlando shipyards and the cooperative that was trying to manage the area, the Municipal Administration proposed an STU for the area. In this context, pre-feasibility plans were started, under the responsibility of *Europrogetti e Finanza*, which later formed the basis of the proposed company (Ordine Ingegneri Livorno, 1996).

During the first months of 2002, the real process of setting up the company began. The process of setting up the STU progresses through several different deliberations adopted by the Municipal Council.

In this context, the first relevant document was formalized in April 2002 and was responsible for setting out the general guidelines for the area's transformation and delimiting a preliminary perimeter. The document formed the basis for the feasibility study, which was requested in September, and its preliminary version was delivered in the same month (Copiello, 2005).

The document also refers to two important aspects: the renunciation by the municipality of a majority participation in the company that will be formed and the obligation for the private partner to be the owner of buildings and areas within the delimited perimeter. Through this obligation, it is possible to understand that the Municipality saw the redevelopment of the area as an opportunity to unify properties and also to relocate some activities (Ordine Ingegneri Livorno, 1996).

Following this document, the situation of the Orlando shipyard became increasingly difficult, until it filed for bankruptcy. In July 2002, the shipyard went into receivership and the search began for a buyer who, using the proceeds from the sale of the shipyard, could make an offer to creditors and restore the company's profitability, putting the entire complex up for sale at a price estimated by the judicial authorities at 50 million euros. (Ordine Ingegneri Livorno, 1996).

Given this scenario, negotiations for the sale of the shipyard took place between September 2002 and June 2023. At the end of this period, a preliminary sale contract was signed with *Azimut-Benetti*, a world leader in the production of large yachts. The effective purchase of the area took place in December 2023, when *Azimut-Benetti* paid the full amount requested with an increase of 600,000.00 euros (Ordine Ingegneri Livorno, 1996).

Also during this period, the definitive feasibility study was drawn up, and it was delivered in April 2023. Also in April 2003, the mayor of Livorno publicly presented the *Porta a Mare STU* project, which was approved by a majority of the city council. The administration has committed itself to moving ahead quickly with setting up the STU, and even has a dedicated group within its staff (De Fabiis, 2014).

In July 2023, the document presenting STU's detailed plan was released, both for the industrial area (the responsibility of the *Amizut-Benetti* company exclusively) and for the real estate area, which is the object of the company. Once the feasibility study had been finalized, the negotiations for the sale had taken place and the detailed plan had been drawn up, a resolution was adopted in July approving the incorporation of the company. In October 2023, the detailed plan previously drawn up was approved (De Fabiis, 2014).

Also in October 2023, the tender document for private partners was published. It is important to note that the document makes it clear that the private partner must own areas within the perimeter or be in the process of acquiring areas within the perimeter - as is the particular case of the *Azimut-Benetti* company (Copiello, 2005).

With the purchase of the shipyard, *Azimut-Benetti* has become the largest owner in the area designated for the STU and has been chosen as the private partner for the company. The company was established on December 11, 2023, with very different shareholdings between the public and private partners: while the *Comune di Livorno* contributed 50,000.00 euros, *Azimut-Benetti* contributed 250,000.00 euros. (Ordine Ingegneri Livorno, 1996).

The private individuals *SPIL* and *LIPS*, owners of land within the delimited area, decided not to participate in the partnership and put their land up for sale. The capital needed to buy these areas (around 40,000,000 euros) is paid by the private partner, reducing the municipality's holding in the company to symbolic participation, as planned at the start of the operation (Ordine Ingegneri Livorno, 1996).

The constitution of the company includes the following documents:

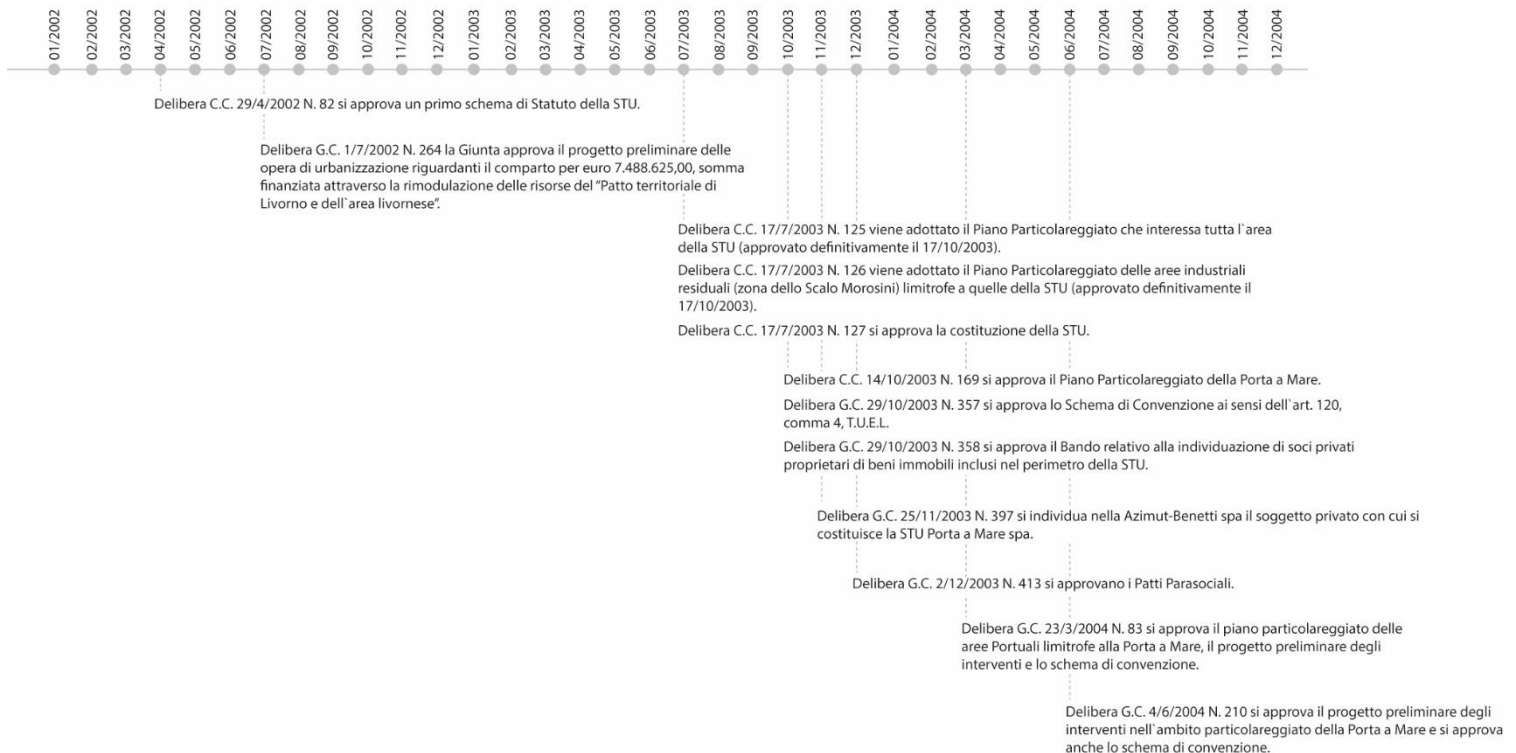


Fig. 06 Timeline of the constitution of *STU Porta a Mare*.

Source: Elaborated by the authors based on Ordine Ingegneri Livorno, 1996; Copiello, 2005; De Fabiis, 2014.

The company's obligations include: purchasing the areas and buildings involved in the transformation operations; obtaining the necessary authorizations and concessions, both for the buildings and the bodies of water used for the construction of the tourist port and related infrastructures; taking care, directly or indirectly, of the preliminary, final and executive design of the necessary buildings and infrastructures; carrying out the planned operations, either directly, through its partners, individuals or associates, or by awarding construction and management contracts or works contracts. It is also possible to cede areas or parts of them to third parties, who are committed to respecting the project constraints already defined. To market and manage all or part, directly or indirectly, of the building and infrastructure works carried out, also through its partners, individuals, or associates. The company may take part, directly or indirectly, in any other operation related to its corporate purpose, including the study, design, execution, and construction of specific facilities.

As can be seen, at the time the *STU* was established, almost all of the land was owned by *Azimut-Benetti*. In 2004-2006, *Azimut-Benetti* sold all the areas included in *STU Porta a Mare S.p.A.*, except the areas affected by the new Benetti shipyard. On April 4, 2007, the Municipality sold to *STU* two areas that are part of the *Molo Mediceo* subdivision and one area that is part of the *Arsenale* subdivision, as well as the building indexes of *Piazza Mazzini* (De Fabiis, 2014).

In June 2007, building licenses were obtained for the subdivisions of *Piazza Mazzini*, *Officine Storiche*, *Lips* area, *Molo Mediceo*, and urbanization works. In December 2008, building licenses were obtained for the last subdivision: *Arsenal* (De Fabiis, 2014).

On March 20, 2008, *Porta a Mare* transferred to *Società Porta Medicea srl* all the areas involved in the real estate project, with the obligation on the part of the purchaser to respect all the urban planning and contractual restrictions stipulated between the Municipality of Livorno and *STU Porta a Mare*. At the time of the purchase contract, *Società Porta Medicea* was 80% owned by *IGD*. On March 30, 2009, *Azimut-Benetti* sold its shares in



*Porta Medicea Srl* (20%) to *Cooperare Sviluppo S.p.A.* (De Fabiis, 2014). Concerning the financing of the company, *STU* was entirely financed by the private partner.

### 3.4. Current stage

Two of the five phases of the project initially proposed have been completed. The *Piazza Mazzini* area was opened in 2014, while the *Officine Storiche* were opened in 2023 (IGD SiiQ, n.d.).

The other three areas – the *Molo Mediceo*, *Arsenale* area, and the *Lips* area - are still in the development phase, followed by Oneworks and under review due to the pandemic period (IGD SiiQ, n.d.).



Fig. 07 *Officine Storiche*. Source: Biagioni, 2023.



Fig. 08 *Officine Storiche*. Source: Biagioni, 2023.

## 4. Conclusions

The study aimed to analyze the specific case of the urban regeneration project for part of the Port of Livorno and the public-private partnership *STU Porta a Mare*, trying to identify the success factors of the partnership that also resulted in the success of the project.

To this end, the study used different sources of data, including scientific, official, and promotional documents. Based on the documents analyzed, the study briefly described the context of Livorno and the importance of the

port, the proposed urban regeneration project, the development of the partnership that made the project possible, and the current state of the project.

From the analysis carried out, it is possible to highlight some factors that contributed to the success of the Livorno *Porta a Mare* PPP and the development of the project.

The first important factor to consider was the roles played by the public and private sectors. The public sector, faced with the shipyard's crisis, made a strong commitment to setting up the *STU*, even establishing a dedicated working group.

On the private side, *Azimut-Benetti* was a strong company, including from a financial point of view. As seen, the private partner was responsible for most of the investments in the *STU*. Despite this, there are questions about the transparency of the selection of the private partner, since the selection tender restricted the choice to those who owned areas within the perimeter or even to eventual buyers of areas, which makes *Azimut-Benetti's* selection intentions clear.

Another relevant factor for the partnership was the development of different feasibility studies before setting up the company itself. The studies give solidity to the proposal and demonstrate the public sector's commitment to the project.

Finally, of course, some factors cannot be controlled and, in the specific case of *STU Porta a Mare*, the pandemic situation affected the work in progress, which had to be restructured because of the exceptional timing.

Despite this, *STU Porta a Mare* seems to be a relevant case of partnership in the context of urban regeneration of waterfronts and, from the analysis, it is possible to extract knowledge on the topic.

## 5. Acknowledgments

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