

Business Plan for "Unity Square" and Shopping Complex in Kalmunai MC

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I. OVERVIEW

Along with the development of technology in the world, manufacturing of vehicles become a large scale business and the trend of usage of vehicles has been rocketed up in recent past decades. Although the availability of vehicles immensely supported the development of world economy by saving valuable time, it caused crucial problems in motor traffics as well as pollution.

With the development of roads and urban cities it enhanced the exposure to motorable areas. People use to utilize any kind of vehicle for their ease of life. After the war in northern and the eastern part of the island, this situation significantly rises in those areas. Importation of plenty of vehicle has been speedily rocketed up, but the availability of enough spaces for traveling is not permitted in that much of speed. So that it crated huge traffics in each and every street in most towns.

Parking is the act of stopping a vehicle and leaving it unoccupied. Parking on one or both sides of a road is often permitted, though sometimes with restrictions. It is obvious that the Kalmunai town on its location, it seems too dense town and the motor traffic jams can be seen in most of hours in the day time. These high traffic jams mostly due to busy pedestrians, not properly parking of vehicles in the town, and absence of parking place in the town. So that it is vital requirement to implement proper parking lot in the town to facilitate the town with more spaces.

Within the context of this proposed business model it is recommended that the parking plot can be used in day time and it should facilitate the spaces for other various activities as well. Since Kalmunai town is quite dense town there should be maximum utilization of limited spaces in the area. So that it is advisable to have multi purpose location rather than restricting is for a specified purpose.

Mostly Muslims are used to gather their families in night time and they used to do shopping and deal with various recreation activities in the night time. Since the majority of people in Kalmunai MC are Muslims, this cultural affairs should be fulfilled by the MC. So that the location is highly advisable to use these various event, and use the environment by facilitating shopping requirements of people in the area. So that the project will initiate with its' unique feature, with its' trade name of "**Unity Square**".

Shopping complexes in the world has its' own distinct features where having more attractions, day and night functions, plenty of food items, recreations, etc. Most of these markets are located at specific towns which are basically functioning at the night period on various activities such as marketing and distribution of goods and services. Since Kalmunai Town is busy even in the night due to functioning of wholesale business of rice, and other dry food items the town is engaged with plenty of crowd. So that the requirement of a space for parking and refreshing is vital and this "Unity Square" will fulfill that requirement.

From the view of MC who govern shopping complex and "unity square" should focus on following mentioned economical and cultural aspects:

- 1) Provisioning of income generating opportunities by mainly focusing high quality goods and service providers as well as small scale retail sellers.
- 2) More concern on recreation activities according to the cultural and religious ethics and norms.
- 3) Providing high quality refreshing environment to relax people who visit the location.
- 4) Proper system of public transportation facilities to the location.
- 5) Ultimately the quality of the living status of people in the area to be enhanced.

With this positioning the shopping complex and unity square will attract local residents who prefer supporting local producers as well as visitors who want to take home unique, location specific products, (i.e. products of Kalmunai). Additionally, this recommended positioning strategy will be attractive to an audience that believes in the need to promote environmental stewardship, supports local producers, and is desirous of being identified as conscientious yet nonconforming consumers. In that connection the market will be more focused towards foreigners who recently attracted to tourism booms, and its' opportunities in the region.

It should be noted that a private public partnership (P3) to be found to be the most feasible and sustainable format for these type of projects. Under the terms of this type of arrangement the Local Government Authority area would provide concessions to a developer(s) to construct and provide the main/lower level for a shopping complex in exchange for retaining the remaining upper floors for restaurants and other reception hall facilities etc.

Furthermore, the business strategy proposed for this shopping complex would give strong emphasis to the development of competitive capabilities; adaptability and flexibility in order to respond to changing market conditions; as well as solidifying and strengthening the facility's market position overtime. In terms of implementation, the strategy recommended would encompass the following key elements:

1. A focus on enhancing customer value by fulfilling market-driven needs.
2. Purposeful differentiation, emphasizing the development of functional operation strategies.

In this instance all functional-level activities will need to align with the objective of encouraging early market acceptance, adoption and diffusion.

For realizing above mentioned objectives the Unity Square and the Shopping complex should be equipped with several additional infrastructure and supporting service facilities in terms of internal and external as mentioned below,

Internal facilities

- Enough spaces for parking and refreshing area.
- Well planned and systematic building and shops arrangement.
- Adequate water, electricity and sanitary facilities.
- Well established drainage system to avoid retaining surface water on market area.
- Security service provisions.
- Well planned waste water and garbage management system.
- Well organized body (committee) to manage and operations of the market.
- Well established business trade organization to cater the management in emphasizing PPP.

External facilities

- Transport facilities (for both public transportation and goods transportation)
- Road accessibility
- Communication facilities
- Banks and other financial services

Careful consideration also needs to be taken in regards to governance, processes and management. As proposed the unity square and the shopping complex needs to be structured as a "profit center "which enable to earn revenue from stakeholders to manage and maintain the market in sustainable manner. For this management is should be comprise with a committed and knowledgeable officials in the whole MC.

Clearly the financial goal of the proposed project is to be self-sustaining. This implies an operation that does not draw on the financial resources from Central Government or a sponsoring agency at its' running cycle. The initial capital investment is estimated to total Rs. 8.0 Mn and additionally assumes the following:

- ❖ Private Public Partnership with:
 - o Developer(s) building required facility space;
 - o KOICA providing 2.0 Mn in concessions.

Based on the draft financial analysis the proposed business initiative could achieve profitability in its first year of operations and, as designed, would be financially sustainable. However, it is important to note that the start up and launch will require careful planning and conscientious implementation.

Having a skilled team to execute the plan and then operate the public market in the future is critical.

Major Elements of Proposed project

According to the desires of MC and people of Kalmunai, the entire “ Unity Square project” can be identified as three main elements as follows,

1. **Unity Square** - a). Day time Car Park
b) Night time – Event location
2. **Super Market**
3. **Playground, Pavilion and the resting park.**

Since the scarcity of funds the whole project cannot be implemented at once, so that the entire project would be considered in to 2 phases.

Phase 1:

Stage 1: Construction of Super market and the Pavilion

Stage 2: Unity square (car park and event theatre)

Phase 2:

Stage 1: Construction of Play ground

Stage 2: Resting Park

The phase 1 will be implemented at first and this plan mainly emphasizes that phase.

2. MARKETING PLAN

The proposed "Unity square and the shopping complex" of Kalmunai Municipal council area is located at the heart of the town. It is located just fronting to the Kalmunai- Akkaraipattu road. (adjoined to the private bus-stand) . The land is belongs to the Municipal council and it it is consisted with approximately 80 perches. According to the land extent availability and the shape of the land the design of the parking plot is proposed as follows. (Annexure 1.1, and 1.2)

A. Proposed "Unity Square"

1. Usage 1 - Day time - Parking plot

The parking plot is is rectangular in shape and it is accommodable to park nearly 50 vehicles. So that the "**Angle parking arrangement**" is mostly preferable in this place since it provides the facility for parking maximum number of vehicle in available limited space.

Angle parking is that cars are arranged at an angle to the aisle (an acute angle with the direction of approach). The gentler turn allows easier and quicker parking, narrower aisles, and thus higher density than perpendicular parking. While in theory the aisles are one-way, in practice they are typically wide enough to allow two cars to pass slowly when drivers go down the aisles the wrong way.

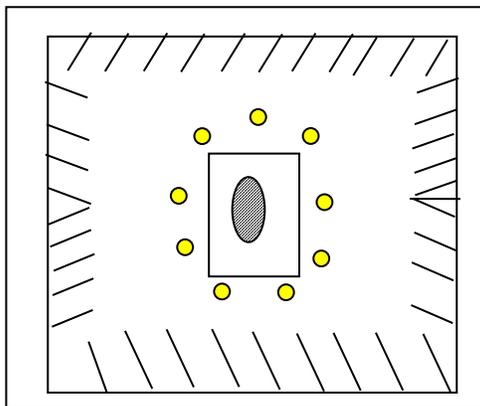


Diagram of example **parking lot layout with angle parking** is proposed. White arrows show direction of allowed travel in each lane (for right-hand-drive countries). Several parking spaces closest to the building entrance are reserved for the handicapped. Cars of various colors are shown parked in some of the spaces. The obtusely pointed end indicates the front end of each car.

Spacing

The design should accommodate according to the space availability. If the parking space is too large and over than the required space to available vehicles it will not be sustained since the labour capacity would be high and it crest un- necessary cost. In a very large parking field, it is easy to get lost or have trouble finding one's vehicle. Such large parking lots often have various sections marked, for example by numbers or letters, to help identify the location. If the space is too small it would not be enough to cater the demand. But is has higher labour effectiveness. So that the space should be optimum and the design of parking should be done accordingly.

Entrance , Exits and payment system

Entry and exit access is often controlled at vehicle parking lots to ensure those parking pay the required fee.

A common arrangement can be applied in paid parking lots is to have a vehicle entry point with a cross gate where an entering driver presses a button to take a stub with the entry time and to open the cross gate for access to the lot. When leaving, the driver would pay at an exit point according to how much time was spent in the lot as determined from the stub.

Landscaping

Many areas will be occupied with minimum landscaping in parking lots. This usually principally means the planting of trees to provide shade. Customers have long preferred shaded parking spaces especially in day time, but it would be at minimum level because of the extra cost of cleaning the parking lot.

Since the park is gets the center attraction of the town, it has to consists with proper landscaping in order to keep the town vicinity in beautiful manner. So that the parking lot can be beautified by limited numbers of trees as well as providing some benches for public to have a little rest at the location.

Special provisions

- Some spaces in a parking lot is proposed be marked as "reserved" for certain peoples, companies, etc. It is focused to earn some fixed income through this process.
- There are some temporally buildings in the site. Those has to be demolished.
- A ticketing counter should be fixed at the front gate of the park.

Space distribution of Parking Plot

Sections	No. of vehicles accommodated	Average space per vehicle (sq.ft)	total area Usable (sq.ft)	Share of rented
Parking space for general public	40 vehicles	6 'X 12 '	5,760	70%
Parking space for permanent reserves	10 vehicles	6'X 12'	1,440	18%
Running pathway			1,000	12%
Total parking space			8,200	

2. Usage 2 - Night/ Evening time - Resting Park

The second specified usage of this space is , use it as a Resting park. Mostly the evening time this space can be used as to get fresh air, to have some "Evening Walk" , and have some refreshment while doing shopping at the proposed shopping center. So that the area should be frequent landscaping, providing benches, few shady trees at the boundaries, few water supplies etc.

In addition to that the area should be eliminated with colorful lights, and some sound broadcasting system around the boundaries of the area.

3. Usage 3 - Night/ Evening time - Open space for Events

The space can be used in several events such as open musical shows, cultural activities, fun fairs, carnivals etc. So that the MC can earn additional income by hiring the space as well.

B. Proposed Shopping Complex

Proposed Shopping complex will be two storied building. It will facing to the " Unity Square by facilitating 17 shops in the ground floor. (This numbers can be varied according to the market demand of the area and consumer behaviour of the community). The other part of the shopping complex will be facing to the open bare land which will be developed as the "Kalmunai Stadium". The back face of the building will be pave the open stadium to the playground. (2nd phase)

The upstairs of the building will facilitate two dressing rooms by both corners and middle part of the upstairs will be developed as to spaces for restaurant and a reception hall.

In addition to that, the part of the front face of the shopping complex which will be faced towards "unity Square' will be equipped with Digital Mega Screen. It is focused to be used in all the events which will be planned to be held at Unity Square on rent basis. So that the MC can earn substantial income on displaying many advertisement of the local business community, and it will definitely support to the business community to enhance their products and services through this Multy media screen.

Description of the Products/ Services

The basic products and services of the proposed project are as follows.

Products -

All kinds of foods (dry foods, perishable foods, spices etc), Pharmaceutical products, plastic commodities, fancy items, cosmetic items, jewelries, textiles, leather products such as shoes and bags, consumer durable products, stationeries etc.

Services –

Communication, financial and banking facilities, restaurant,

Targeted market area.

The services will not be restricted to the community of Kalmunai. It focused towards whole community which including whole community who visited Kalmunai including all foreigners . So that the targeted market will be whole country.

Targeted Consumer Group.

Product	Market Area	Target Consumer Group
All products/ Services	Whole country	1.People who used to visit town for their goods and service requirements'. 2. Foreigners

The market demand for the products and services.

Super market demand experiences is generally applies in this sector and ii is seriously varied from time to time. During the seasons of crops, the demand may relatively low, but during the off seasonal periods, there may be surplus in demand due to lower supplies. And the demand is also varying according to the other various factors such as festival seasons, environmental changes. The demand of services are basically does not vary and the factors could be affecting the demand is prevailing economy of the country.

Market share of the proposed project.

It is not necessary to calculate the market share of the proposed project, because in this huge industry no market leaders are dominating a large market share. The market share of this project is simply limited to its market supply which is determined as follows.

The annual market supply = Total supplies of current unorganized market locations in the town.

Market strategies of the proposed project.

(A) Product

Total products of each and every retail shop in the shopping complex should be in quality assured, well packed, and priced and having brought ashore is sorted out in to different varieties, weighed, and stacked according to provided storage facilities in the market. Services should be provided according to the needs of clients who visit the market on their perception.

(B) Price

Price varies according to the variety of goods, market availability of the particular variety and current price level of the local market. It is advisable to maintain the prices at optimum level since the quality aspires and service facilities would be additional cost on purchases.

(C) Place

The place will be the most important factor of attracting consumers to the market. The place should be fulfilled with following aspects.

1. Since the location is at the heart of the town it is easy accessible place which close to transportation facilities, motarable roads availability etc.
2. It has enough space to accommodate goods and service supplies.
3. Presence of accommodation for proper arrangement of parking
4. Area without exposed to flood
5. Since the crowd generally come to have their leisure time they can be easily attracted since the shopping complex will be just adjoined to the unity square.

(D) Promotion

As the proposed project is involved in both goods and services which are supplies basic requirements to the needs of people, it is not necessary to implement sales promotional activities as done in the case of other single product made in a factory.

External promotions:

The objective of the external promotion is to attract new and past customers back. In this regard in the Kalmunai there are several sources of local news. This includes local newspapers. Beyond this print media the MC can advertise the market through radios. Certainly it will prove difficult to reach a large percentage of the public through one medium. Cognitive of this, the market must utilize a balanced promotional mix in order to reach and attract a wide range of consumers. In promoting the market outside of the retail outlet, the following media elements are proposed: press releases; newspaper ads; websites; social media; brochures; mini menus; and networking.

Internal or in-store promotions:

Internal or in-store promotions are key in retaining and increasing sales volumes once customers are in place. Once the customer enters the super market the following common internal promotions or techniques/practices and/or initiatives either individually or collectively could be utilized in order to encourage/facilitate a longer stay resulting in increased sales, most notably:

- ◆ Effectively designed store layout
- ◆ Attractive window displays;
- ◆ Eye-catching internal displays;
- ◆ Clear signage;
- ◆ Promotional signs;
- ◆ Location signs;
- ◆ Understandable institute signs;
- ◆ and exciting atmosphere.

Effective promotion can also be realized through strategic partnering. It has been recognized for example that in order for the market to reach its greatest impact there needs to be business development support to the vendors. This can be accomplished through partnering with organizations such as Kalmunai Trade Union, Chamber of Commerce, etc. These organizations will allow for affordable and skilled support.

Proposed Design of the Shopping Complex

Proposed building will be two storied one and the supermarket will be implemented in the ground floor where as the upstairs will be occupied for a mega restaurant and two dressing rooms which serves the proposed pavilion at the back side of the super market.

The Supermarket will consists with 9 shops at the ground floor, spaces for 3 Banks ATMs, and the restaurant at the 1st floor.

Shops	Average shop size (sq.ft)	No. of shops	total area Usable (sq.ft)
Ground Floor			
Spaces for Banks (ATMs)	5' X 6' = 30 sqft	3	90
Electronic/ electric items	15'X 10' = 150 sqft	1	150
Grocery shops	15'X 10' = 150 sqft	2	300
Snack Bar	15'X 10' = 150 sqft	1	150
Jewelry shop	15'X 10' = 150 sqft	1	150
Textile shops	15'X 10' = 150 sqft	3	450
Pharmacy	15'X 10' = 150 sqft	1	150
Toilets	5'X 6' = 30 sqft	3	90
Space of ground floor		9	1,130
1st floor			
Restaurant/ Reception hall	40' X 15'=600 sqft	1	600
Dressing rooms (Stadium)	15' X 20= 300 sqft	2	600
Space of 1st floor		4	1,200

Sales Forecast

Since the absence of enough initial capital to build up the proposed shopping complex and unity square in the MC budget, it is proposed to launch a social enterprise model in partnership with an existing funding agent; contribution of private sector investors who willing to performs their business in the proposed shopping complex. The contribution of private sector will attract on tendering the proposed shops with an advance payments of key money (preferably for 60 months period as per the table 1.2) as the initial capital investments of the market.

Total Income from Key money (60 months rentals Advances)

Table 1.2

Shops	Average stall size (sq.ft)	No. of shops/ Apartments	Monthly rent/ per shop/ unit (Rs.)	Initial capital investment (Rs.) (for 5 years)
Ground Floor				
Spaces for Banks ATMs	30	3	15,000/=	2,700,000/=
10' X 15 shops	150	9	20,000/=	10,800,000/=
1st floor				
Restaurant	600	1	100,000/=	6,000,000/=
Total Income from Key money (60 months rentals Advances)				19,500,000/=

Annual Income from Shop rentals, Parking, Advertising screen, and Mega Events

1. Annual income of rentals from shops

Shops	Average stall size (sq.ft)	No. of shops/ Apartments	Monthly rent/ per shop/ unit (Rs.)	Annual Income from rentals
Ground Floor				
Spaces for Banks ATMs	30	3	15,000/=	540,000/=
10' X 15 shops	150	9	20,000/=	2,160,000/=
1st floor				
Restaurant	600	1	100,000/=	1,200,000/=
Total monthly Income from rentals				3,900,000/=

2. Annual Income from Parking fees

Sections	No. of vehicles accommodated	Average fee for 1 hr	Avg, hours occupied	Monthly income (avg. 28 days)	Annual income
Parking space for general public (75% Occupancy)	40 vehicles	20/=	10 hours	168,000/=	2,016,000/=
Parking space for pre reserved crowd (100% occupancy)	10 vehicles	100/= per day	8 hours	28,000/=	336,000/=
Total income from parking				196,000/=	2,352,000/=

3. Annual Income from Multi Media Screen

Sections	Rate	No. Of advertisements per day	Monthly income (avg. 28 days)	Annual income
Advertising income - 15 Sec X 20 display times per day	500/= per day	15	210,000/=	2,520,000/=
Advertising income - 30 Sec X 20 display times per day	1,000/= per day	10	280,000/=	3,360,000/=
Advertising income - 45 Sec X 20 display times per day	1,500/= per day	5	210,000/=	2,520,000/=
Total income from multy media screen			700,000/=	8,400,000/=

(Total broadcasting time approximately 5 hours per day)

4. Annual Income from hiring space of "unity Square" for Mega events

Sections	Rate	No. Of events per month	Monthly income	Annual income
Income from hiring space of unity square	15,000/= per day	1	15,000/=	180,000/=
Total income from renting space			15,000/=	180,000/=

5. Annual Income from hiring space of Reception Hall for Events

Sections	Rate	No. Of events per month	Monthly income	Annual income
Income from hiring space of unity square	5,000/= per day	4	20,000/=	240,000/=
Total income from renting reception hall			20,000/=	240,000/=

3. PRODUCTION/ SERVICE PLAN

3.1 Production / Service Process

The Service process of the proposed project is similar to the general services applied in the LAs for their maintained parking fee collection, and Shops rental collections.

1. Providing Parking space for vehicles

The Parking plot in the " unity square" will facilitate parking spaces for lite vehicles which entered to the city. At the initial stage there are only lite vehicles will be allowed to park due to limited space. According to the service provision there will be two categories will be allocated.

1. 75% of vehicles will be general visitors where as
2. 25% of total vehicles will be permanent reserves (Banks, office workers, companies) which will be 100% occupied with the parking space. This is to ensure the earning of income through those vehicles.

2. Provision of resting places / benches and shady environment

Since most of vehicles owners prefer some shade for their vehicles , the park should be with some small trees arrangement according to the proper landscapes.

3 . Shopping Complex

Production / Service Process

The Service process of the proposed super market is similar to the general services of public markets handled by the MC. The shopping Complex will facilitate main categories of services which mentioned below.

Storage and unloading facilities.

Since the market goods supplies involve with unloading of bulky stuffs of goods the design facilitated a separate unloading area with few storage facilities. Parking places for of unloading vehicles also been provided.

Cleaning and Sanitary facilities.

The appearance and the cleanliness of the shopping complex is very important to attract consumers and it will lead the sustainable marketing process in the market. So that provisions of public toilets and the sanitary staff will be provided to the public areas of the market and some attached toilets will be provided for banks, restaurants too.

Parking area for consumers.

Since the shopping complex directly adjoined to the parking spaces of Unity Square there is enough parking space for clients.

Electricity and Water supplies.

Each and every apartment will be facilitated with electricity and water supplement and the expenses to be paid by the shops owners. However the electricity in the open lobby areas and the public areas will be hosted by the MC.

Maintenance and repairs.

It is advice to agree upon with a terms and conditions in maintenances and repairs of shops and open areas according to the type of damage, course of damage and the cost of repair. The shops owners should agree to undertake maintenance in their premises and the repairs will be subjected on the course of damage and amount of repairing cost. The maintenance of open areas and the lobbies to be undertaken by the MC.

4 . Multi Media Mega Screen

Proposed advertising services will be initiated through proper plan. At the outset there should be a proper consumer survey should be under took in order to verify the perceptions of businessman, producers on their products and services. A questionnaire to be distributed towards the targeted businessmen to decide their preferred advertising method and the time period and the frequency should be determined after that survey. (a sample questionnaire is annexed in Annexure 3) .

For the better service rendering a professionalized team should be formed or otherwise the MC can outsource the screen to private advertising firm on rental basis.

4. ORGANIZATIONAL & MANAGEMENT PLAN

4.1 Legal Status of the Business

Name of the implementing / Managing Organization	: Kalmunai Municipal Council
Partners	: Private sector/ funding Agent
Management body	: Steering Committee (7 persons)
Composition of steering committee	: Mayor of Kalmunai Municipal Council Commissioner of of Kalmunai MC Engineer of Kalmunai MC Chairman of Trade Association Revenue Officer (LA) 2representatives from business community

4.2 Linear Responsibility chart

The Person	Number of employees		Overall supervision	Maintains/ Cleaning/ security	Marketing	Administration	Finance
	Existing	New					
Steering committee	7	-	✓			✓	✓
Revenue Officer	1	-					✓
Ticketing officer		1		✓		✓	✓
Marketing and IT officer for advertising board		1			✓		
Security guard		1		✓			

As the above chart shows the overall management of the project is in the hand of the MC whereas the operational decisions will be made by a steering committee which consists of 7 persons. The composition of the 7 persons committee will be from MC as well as from 3 representatives from private sector investors of the market. (instructions to Steering committee is annexed in annexure 1)

3 persons will be directly recruited to the advertising board and the services of the vehicle park.

Preliminary arrangements to be considered by management Body

- A separate account to be opened to manage accounts of the project.
- Signing Authority for accounts and vouchers to be redefine. It should authorized by the Mayor and the Commissioner of MC.
- An agreement should be finalized by the MC to define terms and condition which has be signed between shop owners who willing to buy shops from the shopping complex. (Ref. Annex 2)

4.3. Cost of Constructions**Table 2.1**

Item	Cost (Rs.)
Construction cost - Unity square	
Millwork / demolishing existing and temporarily building and finishing space	100,000
Paving ground + Concrete poles	1,000,000
Landscaping	200,000
Construction cost - Shopping Complex	
Millwork and finishing space	100,000
Construction cost - Two stories building	20,000,000
Street and side drains	1,000,000
Telecommunication	400,000
General Supplies (water / electricity)	1,000,000
Furniture for Reception hall	1,000,000
Construction cost - Digital Screen (9' X 12')	
Cost of digital screen	1,500,000
Construction cost - support structure	200,000
Sounds system	400,000
	27,000,000/=

4.4. Pre operating Activities & Expenses

Table 2.2

Tasks	Time period (Weeks)										Date to finish each task	Expected cost	
	1	2	3	4	5	6	7	8	9	10			
Preparation of project proposal / site plan with BOQs/ validation of the corresponded LA area	■											2014/2/7	100,000/=
Submission of project proposal to donor Agent		■										2014/2/10	-
Obtaining approval from funding agent			■									2014/2/17	-
Preparing necessary legal and other correspondences to get public ,Private sector Participation. (Formulation of committee/ tendering)							■	■				2014/8/20	20,000/=
Constructions/ demolition / renovation of existing buildings and landscaping (Please refer table 2.2)					■	■	■	■	■	■		2015/12/31	27,000,000/=
Business launching											■	2016/01/01	50,000/=
Pre operating cost													27,170,000/=

4.5 Collection of revenues and better finance management

It is very impotent to collecting revenues and income. The guidance and advices given by the above program helped the MC to prepare appropriate policies, and make aware the people on revenue collection.

Uses of income from rentals

The 50% of income of each year to be utilized for maintenance and the expansion of project and the balance 50% should be deployed in other projects correlated with this project or elsewhere.

The balance 50% can be utilized following prospected projects.

- ◆ Upgrading of access roads in the area
- ◆ New project on public ground and stadium.

5. FINANCIAL PLAN

5.1 Project Cost

Cost Item	Existing			Proposed			Total Cost (Rs.Mn)
	Donor (Rs.Mn)	Equity (MC) (Rs.Mn)	Private Sector (Rs.Mn)	Donor (Rs.Mn)	Equity (MC) (Rs.Mn.)	Private Sector (Rs.Mn)	
Assets – Fixed Assets							
Land (80.0 Purchase X0 .4 Mn per perch)	-	32.00	-	-	-	-	32.00
Shopping complex / Vehicle park/ Furniture	2.00			-	5.67	19.5	27.17
Structure of the investment	4%	53%	0%	-	10%	33%	59.17

5.2 Profit & Loss Account

Following assumptions were considered on predicting profit and loss account of the project.

- ❖ The project period will be 3 years in its' 1st stage and it will be continued with amendments of planning and objectives from the 4th year.
- ❖ Initial capital of the project will be met on fraction of donation, key money collection for 60 months period from investors who will interest to invest for " Shops in Shopping complex".
- ❖ At the initiation the MC start the project by mobilizing 50% of total key money from interested parties (Approximately 10.0 Mn) and match the balance capital requirement by borrowing a loan of 15.0 Mn from the bank for 10 years period at the rate of 10% per annum. The monthly rental of the loan will be Rs. 198,226/= .
- ❖ The MC will able to complete Pavilion, Super market and the Parking plot within 8 months period and focused to initiate business launching at the outset of 2015.
- ❖ With the initiation the MC will charge the balance 50% of the total key money from shop owners (9.5 Mn) and at that time the balance capital outstanding of the borrowed loan will be approximately Rs. 14.54 Mn and the MC will reduce that facility from collected key money and the capital can be reduced to 5.04 Mn then the loan monthly rental for balance 9 years will be just Rs. 70,393/=.
- ❖ The monthly rent of the shops will not be increased in 1st 3 years.
- ❖ The monthly rent of the ATM machine will be subjected with the 10% increment of rentals from each year.
- ❖ Business turn over tax will be 5/= per day amounting 450/= per month for all three components and annually it would be 5,400/=.
- ❖ Digital Screen - Advertisement fees for one month period (700,000/=) will be collected from interested parties prior to the installation of digital board and it will be utilized as the initial capital for installment.
- ❖ 50% of annual net income will be transferred for next year budget and the balance 50% will be utilized for usage of other public services in the MC (for a new project or expansions).
- ❖ 5% annual depreciation of building was considered (for 20 years)

Profit & Loss Account

Item	1 st year (2015)	2 nd year (2016)	3 rd year (2017)
Annual income from rentals of shops in shopping complex	3,900,000	3,900,000	3,900,000
Income from open parking	2,352,000	2,587,200	2,822,400
Income from Muti media Screen	8,400,000	9,240,000	9,450,000
Income from Reception Hall and mega events	420,000	440,000	462,000
Net Sales	15,072,000	16,167,200	16,634,400
Less, <u>Variable cost</u>			
Electricity	1,200,000	1,300,000	1,400,000
Water	120,000	150,000	160,000
Other Variable cost	100,000	120,000	150,000
Labour	900,000	1,200,000	1,300,000
TOTAL Variable cost	(2,320,000)	(2,770,000)	(3,110,000)
Contribution	12,752,000	13,397,200	13,624,400
Less, <u>Fixed cost</u>			
Production overhead cost (advertisement)	100,000	150,000	200,000
Administration expenses	300,000	400,000	450,000
Maintenance cost	500,000	600,000	650,000
Total Fixed Cost	(900,000)	(1,150,000)	(1,300,000)
Profit before depreciations & interest	11,852,000	12,247,200	12,324,400
Less, Loan Interest*			
Annual Depreciations	2,378,712	844,716	844,716
Pre operating expenses (promotions)	50,000	50,000	50,000
Sub total	100,000	0	0
	(2,528,712)	(894,716)	(894,716)
Profit Before tax	9,323,288	11,352,484	11,429,684
Less , Income tax	0	0	0
Profit After Tax	9,323,288	11,352,484	11,429,684

5.3 Cash Flow Statement

Item	Pre Operating period	1 st Year (2015)	2 nd Year (2016)	3 rd year (2017)
Cash In flow	2,000,000	-	-	-
Equity				
Loan receivable	10,000,000	-	-	-
Key money receivables	10,000,000	9,500,000	-	-
Parking fee income		2,325,000	2,587,200	2,822,400
Rental income	-	3,900,000	3,900,000	3,900,000
Advertising income (mega screen)		8,400,000	9,240,000	9,250,000
Tax Income	-	5,400	5,400	5,400
Cash balance	-	(5,170,000)	1,805,844	6,261,864
Total Cash Inflows	22,000,000	18,960,400	17,538,444	22,239,664
Cash Out flow	27,000,000	-	-	-
Cost of constructions				
Administration / maintenance expenses	-	1,150,000	1,300,000	1,400,000
Variable cost		2,320,000	2,770,000	3,110,000
Pre operating expenses	170,000	-	-	-
Payment for Loan capital deduction	-	9,500,000	-	-
Loan Interest and repayments	-	2,378,712	844,716	844,716
Total cash Outflow	27,170,000	15,348,712	5,014,716	5,354,716
Cash Balance	(5,170,000)	3,611,688	12,523,728	16,884,948
50% reserves for other services	Nil	1,805,844	6,261,864	8,442,474
Cash balance for next year usage	Nil	1,805,844	6,261,864	8,442,474

Financial Ratios

Ratio	1 st Year (2015)	2 nd Year (2016)	3 rd Year (2017)
Profitability	$\frac{9,323,228 \times 100}{15,072,000}$ =61.85%	$\frac{11,352,484 \times 100}{16,167,200}$ = 70.21%	$\frac{11,429,684 \times 100}{16,634,400}$ = 86.74%
Return on Investment	$\frac{9,323,228 \times 100}{37,670,000}$ =24,74%	$\frac{11,352,484 \times 100}{37,670,000}$ =30.13%	$\frac{11,429,684 \times 100}{37,670,000}$ 30.4%

Annexure 1

Instructions for Steering Committee

1. Selection of investors to be done according to a proper selection criteria on transparent process and it should be consisted with a tender procedure.
2. Establishment of management body and defining responsibilities of each person is to be clearly identified.
3. The Steering committee should maintain well balanced procedures and ethics with the maximum participation of private sector participation. The involvements of trade union and other trading associations have to be encouraged.

In this connection, following steps should be implemented,

- Separate Bank account to be maintained in every transaction pertained in the project.
 - The Management body should be consisted with at least three officials from MC including managerial and subordinate staff categories. Each and every activity to be implemented through these two people and they should report to the steering committee on their activities, progress and accounts.
 - The management body should maintain a proper book keeping and accounting process to report the financial status to the steering committee.
 - The management body should have a marketing plan as well as activity monitoring plan at the initiation of project. A simple marketing plan should be focused towards the sustainable process of identifying income generation activities through the income gain from this project.
 - The monitoring plan (by listing out each activity and tasks involved in this operation and allocating responsibilities and time frame pertained in each activity) should be implemented by the steering committee according to the well set up activity plan, and output monitoring plan.
4. Awareness of rules and regulation set forth with the agreement (annexure 2) is very important and MC should execute an awareness program to the private sector (investors) before signing the agreement.
 5. The collection of monthly rentals to be implemented through proper collection process and computerized accounting system. The defaulters should be treated with proper recovery mechanism through penalty system against over dues.
 6. Income gaining from this project should be under gone with proper accounting procedure and the facts should be in transparent in order to use of 50% of annual income for expansion of project in second stage as well as to use the balance 50% in other projects that enhance revenue of the MC and providing extended service to the public.
 7. MC has to establish mid-term review (6 months) as well as review at the end of 1st year to ensure the impacts and benefits of the project before expanding the second stage.

Annexure 2

Memorandum of Agreement

Memorandum of Agreement Entered into by and between Kalmunai Municipal Council as first partner and Mr..... of(bearing ID No.....) as second partner on operation of trader / bank(Product/Service) at..... (Specific Place).

PREAMBLE

Whereas

1. First partner agrees to supply building for shop / bank / restaurant to the said investor to carry out the above mention service/ trading activity for a period of three years at a monthly rent mention I this agreement separately.
2. First Partner expects to promote the concept of Private Public Partnership concept though this agreement with the involvement of public sector /private sector investment.
3. Second partner expect to regularize his/her livelihood activities abiding the regulations of the city.

NOW THEREFORE the Parties agree as follows –

1. DEFINITIONS AND INTERPRETATION

This Agreement shall be interpreted according to the following provisions, unless the context requires otherwise:

- 1.1 The headings of clauses in this Agreement, the Annexures and the Schedules are for convenience only and shall not be deemed part thereof or be taken into consideration in the interpretation or construction thereof.
- 1.2 Words importing the singular only also include the plural and vice versa where the context requires.
- 1.3 Any reference to any agreement, Schedule or Annexure shall be construed as including a reference to any agreement, Schedule or Annexure amending or substituting that agreement, Schedule or Annexure.
- 1.4 If any definition in this Clause 1 contains a substantive provision conferring rights or imposing obligations on any Party, effect shall be given to such provision as if it were a substantive provision in the body of this Agreement.
- 1.5 A reference in this Agreement to an amount means that such amount shall, for the purposes of this Agreement, is escalated 10% per annum.
- 1.6 In this Agreement, the Annexures and the Schedules the following words and expressions shall, unless inconsistent with the context in which they appear, have the meanings hereby assigned to them and expressions derived from those words and expressions shall bear corresponding meanings:
 - 1.6.1 The Ordinance - Municipal Council Ordinance
 - 1.6.2 MC – Municipal council of Kalmunai

- 1.6.3 The Steering Committee- Seven Member steering committee appointed by the Kalmunai MC to manage the project. Its constitute is Commissioner of Kalmunai MC, Engineer of Kalmunai MC , Chairman of Kalmunai Trade Association, Revenue Officer (LA), 2 representatives from business community.

2. FRAMEWORK

2.1 Second Partner (Private Sector) Commitment

- 2.1.1 The Second Partner (Private Sector) shall undertake the carry out of business in the Super market at its own cost and risk in accordance with the provisions of this Agreement.
- 2.1.2 The Second Partner (Private Sector) should bear the damages caused to the building provided and agreed to pay the damages to the MC in any damage occurred due to any natural or man-made case.
- 2.1.3 The Second Partner (Private Sector) should bear all the business liabilities completely.
- 2.1.4 The Second Partner (Private Sector) agrees not to claim the ownership of the business entity (building) at any time under any circumstance.
- 2.1.5 The Second Party (Private Sector) agrees not to sublet the shop / bank / restaurant or handover operation to third party under any circumstance.
- 2.1.6 The Second Party (Private Sector) agrees not to change the location that allocated for the particular business by the MC or make request to do so.
- 2.1.7 Agreement term is three years from the date of signing the agreement. At the end of the agreement period second party agreed to hand over the business place back to MC in good condition.
- 2.1.8 The Second Party (Private Sector) agrees not to sell or provide any other service other than allocated to the second party by the MC at the beginning of this agreement.
- 2.1.9 The Second Party (Private Sector) agrees not to perform any illegal activity or sell any illegal product or service at this premises.
- 2.1.10 The Second party (Private Sector) agrees to display a price list of their products and services and not to sell products or services exceeding the price list.
- 2.1.11 The Second Partner (Private Sector) agrees to obtain a trade license for itinerary trade and compliance to the relevant by-Laws of the MC.
- 2.1.12 The Second Partner (Private Sector) will agrees to pay all taxes and levy of general application and without limiting the generality of the foregoing, any duties, fees or taxes assessed by any Relevant Authority in respect of the business.
- 2.1.13 The necessary utility services such as water, telephone and telecommunication should obtain by the Second Partner (Private Sector), at their cost.
- 2.1.14 The Second Partner (Private Sector) agrees to have a comprehensive Insurance cover for the shop / bank / restaurant with their cost, behalf of the MC.
- 2.1.15 The Second Partner (Private Sector) agrees to maintain the necessary health standards relevant to the items sells in the said shop / bank / restaurant.
- 2.1.16 The Second Party (Private Sector) agrees to hand over the shop / bank / restaurant in good condition at the end of the agreement after four years to the MC.

2.2 First Partner Commitment

- 2.2.1 First Partner will build and supply the shop / bank / restaurant to Party as per the specification provide in the plan according to the standards
- 2.2.2 First Partner will provide a special license for carry out trades in shop / bank / restaurant for a fee
- 2.2.3 First Partner will make necessary by-laws to operate the shop / bank / restaurant
- 2.2.4 First Partner will agree to collect all the waste separate at the source regularly.

2.3 This agreement Legally Binding at Signature Date.

2.4 Payments

- 2.4.1 The Second Partner (Private Sector) should pay one-time payment of Rupees ----- to obtain the opportunity of having the shop / bank / restaurant to start the business .
- 2.4.2 The Second Partner (Private Sector) should pay Rs. ----- per month as the rent of the shop / bank / restaurant . The rent will be increased by 10% each year. The operation days will not consider for reduction of rent under any circumstance.
- 2.4.3 The Private Party (Private Sector) will be responsible for all taxes of general application and without limiting the generality of the foregoing, any duties, fees or taxes assessed by any Relevant Authority in respect of the business
- 2.4.4 Neither MC nor any Relevant Authority shall be liable for any payments except as expressly specified in this PPP Agreement or in any applicable law.

3. STATUS OF SECOND PARTNER (PRIVATE SECTOR)

3.1 Private party can be as follows

- 3.1.1 Individual, partnership, limited liability company , Associations, Group of Persons, Societies, Enterprises, and Business are allowed.

3.2 Compliance with Laws, Regulations and Standards

- 3.2.1 Second Partner (Private Sector) should abide to all the future and existing laws enforced by Central Government, Provincial Government and Local Government.
- 3.2.2 Second Partner (Private Sector) should obtain all the licenses, permits and certificates necessary to run the business. The First Party MC agreed to support with this regard.
- 3.2.3 Action which is prohibited in terms of the Regulatory Provisions, or noncompliance with any duty or obligation which is imposed by the Regulatory Provisions, shall be deemed to be a breach of this PPP Agreement. In such in such instance MC shall be entitled to give the Second Partner notice to rectify any such breach, if such breach is capable of rectification, but in any event, MC shall be entitled to act on any such breach to protect its rights and interests. The Second Partner shall and hereby does indemnify MC for any costs, losses and expenses suffered or incurred by MC as a result of MC acting to protect its rights and interests.
- 3.2.4 Second Partner (Private Sector) shall bear all risks and costs with respect to Material Damage to the natural environment and infrastructure of city facilities and utilities.
- 3.2.5 Second Partner (Private Sector) should compliance to the waste management program implement by the MC strictly.
- 3.2.6 Second party should compliance to the disaster mitigation measures recommend by the relevant authorities.

- 3.2.7 Second Partner (Private Sector) shall take all reasonable steps in the performance of its obligations hereunder to prevent and limit the occurrence of any environmental health hazards and to ensure the health and safety of city.

3.3 Conflicts

- 3.3.1 Second Partner (Private Sector) agrees not to change the names and logos display in the premises. If such instance occurred the MC reserved right to terminate the agreement and take the ownership of the shop / bank / restaurant .
- 3.3.2 Unless otherwise agreed to in writing by Second Partner (Private Sector) and other parties to the Associated Agreements shall have no interest in nor receive remuneration in connection with the operation of this shop / bank / restaurant except as provided for in the Agreement or the Associated Agreements. Subject to the proper enforcement of rights under the Associated Agreements, the Second Partner shall not, and shall take all reasonable steps to ensure that other parties, including parties to the Associated Agreements, do not engage in any activity which might conflict with the interests of MC, unless such activity is carried out pursuant to the rights granted to the Second Partner in terms of this Agreement.
- 3.3.3 In any conflict of interest MC will inform the Second Partner to settle the conflict amicably or otherwise MC reserved the right to terminate this agreement and claim whatever damage from second party.

3.4 Branding

- 3.4.1 Second Partner (Private Sector) does not have any right to perform the Branding in and around the shop / bank / restaurant . All such banding rights are reserved by MC.

4. SERVICE DELIVERY

- 4.1 The goods and services to be provided by the Private Party shall:
 - 4.1.1 be in accordance with Best Industry Practice
 - 4.1.2 be delivered in a professional, courteous and friendly manner
 - 4.1.3 be in accordance and compliance with the MC guide lines

5. SECOND PARTNER (PRIVATE SECTOR) WITHOUT OWNERSHIP INTEREST

- 5.1 Subject to the terms of this Agreement, the Second Partner has, and will have, no title to, or ownership interest in, or liens, or leasehold rights or any other rights in the shop / bank / restaurant .
- 5.2 The Second Partner (Private Sector) has no and will have no rights with respect to the airspace above, or the area below the surface of, where shop / bank / restaurant placed, except the right to use such land for the sole purpose of operation of shop / bank / restaurant.

6. DAMAGE TO OR DESTRUCTION OF THE PREMISES

- 6.1 The Second Partner (Private Sector) shall bear all risks and costs with regard to any riots, civil commotions, terrorism attacks, weather conditions including, without limitation, floods, and with regard to physical conditions or obstructions (both above-ground and subsurface and whether

artificial or not), whether foreseen or unforeseen, all type of natural and man-made disasters a which are encountered during the agreement period and liable to pay a replacement cost to MC.

6.2 The Second Partner should have an insurance cover to bear the losses at their cost.

7. OPERATION, MANAGEMENT AND MAINTENANCE

7.1 The Second Partner (Private Sector) shall be obliged during the Development Period and Project Term to undertake the Operation, Management and Maintenance of the shop / bank / restaurant at the site allocated according to Best Industry Practice and in accordance with the Regulatory Provisions.

7.2 The Second Partner (Private Sector) shall ensure hygienic, clean and pleasant environment to the clients.

7.3 The Second Partner (Private Sector) does not have any right to display any sign board or name board in the shop / bank / restaurant .

7.4 The Second Partner (Private Sector) shall indemnify in respect of any

7.4.1 death or injury to any Person arising out of operation of the shop / bank / restaurant

7.4.2 loss of or damage to any property arising out of operation of the shop / bank / restaurant any economic loss arising out of operation of the shop / bank / restaurant

7.5 If any legal action is brought or claim is made against the Second Partner (Private Sector) in respect of operation and management of the shop / bank / restaurant, the Second Partner shall defend any such action.

8. INSURANCE

8.1 The Second Partner (Private Sector) should have an insurance to cover damages caused due to any riots, civil commotions, terrorism attacks, weather conditions including, without limitation, floods, and with regard to physical conditions or obstructions (both above-ground and subsurface and whether artificial or not), whether foreseen or unforeseen, all type of natural and man-made disasters a which are encountered during the agreement period and liable to pay a replacement cost to MC.

9. FORCE MAJEURE

9.1 Force Majeure Defined

9.1.1 "Force Majeure" shall mean any material event beyond the control of the Party claiming the occurrence of Force Majeure

9.1.2 whose occurrence could not have been reasonably foreseen at the date of execution of this Agreement; and which, despite the exercise of diligent efforts, such Party was unable to prevent, limit or minimize, including, but not limited to, war whether declared or not, revolution, riot, strikes, insurrection, protest and/or boycott action, civil commotion, invasion, armed conflict, hostile act of foreign enemy, act of terrorism, sabotage, radiation or chemical contamination, ionizing radiation, Act of God, plague or other serious epidemic; and

9.1.3 which:

9.1.3.1 causes material physical damage or destruction to all or any material portion of the shop / bank / restaurant , and/or the Project Assets, including, without limitation, its accommodation facilities; or

9.1.3.2 Materially interrupts the full and regular operation of all or any material portion of the shop / bank / restaurant , including, without limitation.

9.1.4 Insure for Events of Force Majeure

9.1.4.1 The Second Partner should insure damages caused to the stall due to every Force majeure event at their cost.

10. TERMINATION

10.1 Termination by MC for Fault of the Second Partner (Private Sector)

10.1.1 Fault of the Second Partner (Private Sector) could be any of following

10.1.1.1 Arrears of three month rentals.

10.1.1.2 Noncompliance to licenses and the regulations of Central Government, Provincial Government and Local Government.

10.1.1.3 The Second Partner (Private Sector) ceasing to carry on business.

10.1.1.4 The Second Partner (Private Sector) commits a breach of any of its material obligations under this PPP Agreement, and without derogating from the generality of the foregoing, a failure to comply with any of the obligations imposed on the Second Partner by this agreement.

10.2 Termination by Second Partner (Private Sector) for Fault of the MC

10.2.1 Fault of MC is breach of any clause of this agreement by the MC.

10.3 If termination is effected before the Effective Date both parties shall be entitled to pursue all available remedies, including the recovery of any damages suffered by other party as a result of the default of the other party that gave rise to such termination which may be available to relevant party.

10.4 Termination by notice

At any stage during the agreement Term, either partner may on written notice of not less than 3 (three) months, give other partner, termination of this Agreement, in which event this Agreement shall terminate. On termination of this Agreement the second party should handover the stall in good condition and make damagers if any.

Annexure 3

Advertising LED TV wall at "Unity Square" in Kalmunai

We would like to invite you to advertise your product and services on the LED TV wall (12' X 9') which will be planned to install at the proposed shopping complex at current private bus stand adjoined to Kalmunai - Akkaraipattu main road. Since there are plenty of people gathering and passing this location we believe that you can get good attention for your product and services by advertising through this LED TV wall.

The TV wall will be operated every day from 5.00 a.m to 9.00 p.m.

Do you believe that you will get good popularity for your product and services through this LED TV wall ?

Yes

No

If yes, please fill this questionnaire.....

Municipal Council - Kalmunai

1	Your Business information	
1.1	Name of the business	
1.2	Business address	
1.3	Contact numbers of business	Land line: Mobile:
2	Advertising methods which you performs at present	
2.1	Methods of advertising	<input type="checkbox"/> TV <input type="checkbox"/> News papers <input type="checkbox"/> Leaflets and brochures <input type="checkbox"/> Banners / cut-outs <input type="checkbox"/> Posters <input type="checkbox"/> Other methods (please specify) ----- -----

	2.2	Your current annual expenses for advertising	Rs. -----
	2.3	Do you believe that your sales were increased by current advertising effort?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No idea

3 Your choice of advertisement through the LED TV Wall			
	3.1	Preferred Type of advertisement (please tick your choice)	<input type="checkbox"/> Video clip <input type="checkbox"/> Still with out animation <input type="checkbox"/> Still with animation
	3.2	Preferred length of advertisement (please tick your choice)	<input type="checkbox"/> Seconds <input type="checkbox"/> 30 seconds <input type="checkbox"/> 45 seconds <input type="checkbox"/> 1 munite
	3.3	Number of times displaying per day (please write the number)	<input style="width: 50px; height: 20px;" type="text"/>
	3.4	Preferred display time in the day (you can choose more than one option)	<input type="checkbox"/> 5.00 a.m to 8.00 a.m <input type="checkbox"/> 8.00 a.m to 12.00 noon <input type="checkbox"/> 12.00 noon to 2..00 p.m <input type="checkbox"/> 2.00 p.m to 5.00 p.m <input type="checkbox"/> 5.00 p.m to 9.00 p.m

	3.5	How much you hope to spent for this advertising	<table border="0"> <tr> <td data-bbox="846 180 1101 367">15 Seconds</td> <td data-bbox="1101 180 1435 367">Rs. <input type="text"/></td> </tr> <tr> <td data-bbox="846 367 1101 554">30 seconds</td> <td data-bbox="1101 367 1435 554">Rs. <input type="text"/></td> </tr> <tr> <td data-bbox="846 554 1101 741">45 seconds</td> <td data-bbox="1101 554 1435 741">Rs. <input type="text"/></td> </tr> <tr> <td data-bbox="846 741 1101 787">1 munite</td> <td data-bbox="1101 741 1435 787">Rs. <input type="text"/></td> </tr> </table>	15 Seconds	Rs. <input type="text"/>	30 seconds	Rs. <input type="text"/>	45 seconds	Rs. <input type="text"/>	1 munite	Rs. <input type="text"/>
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