

New Organisation and Management Model for the Public Transport in Gdańsk – suggested solutions and implementation conditions

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Abstract – The City of Gdańsk is considering new Organisation and Management models for the urban public transport in Gdańsk. This is needed both to improve the public transport, and to meet forthcoming EU regulations on the market for public transport services. This paper describes the development process. After setting the context within Gdańsk, the international trends in public transport and markets are described, including the new EU regulation. Five alternative organisational models have been considered for Gdańsk, with the recommended option being to separate the planning and operation functions and move to competitive tendering where the City of Gdańsk becomes the ‘Client’ for public transport services. After describing the elements of the Organisational Model, the authors consider a number of practical issues confronting the implementation. In fact, these are issues of policy and of balancing diverse interests, and will require either good balance or firm decisions in order to progress.

1. Context

This paper has been prepared within the context of the Gdańsk Urban Transport Project for the City of Gdańsk supported by the EBRD and the EU through the PHARE program.

The City Council of Gdańsk has decided on the policy for the transport sector within the Resolution on approval of results of Gdańsk Urban Transport Project as the City Operational Plan (dated 31 May, 2001). Subsequently, the City of Gdańsk and the European Bank for Reconstruction and Development signed a Loan Agreement on 16th July 2001 to finance an urban transport project. The project includes investments in tram and track refurbishment and bus purchases as well as technical co-operation. Some of these investments have been made in 2001-2, the balance being planned for 2003.

During 2002 the City of Gdańsk engaged the French company Systra, supported by Irish firm CIE Consult, and two Polish partners (ARM from Kraków and BIK from Gdańsk) to provide assistance in restructuring public transport in the City of Gdańsk (including the operator ZKM Gdańsk), and in the preparation of a second investment project. The assignment commenced in August 2002 and is foreseen to continue through to September 2003. The work consists of five defined Tasks :

- A : Public transport market research and review of current services
- B : Advice on restructuring public transport

- C : Project implementation support
- D : Preparation of a second urban transport project
- E : Preparation of Project II tender documents

This paper is concerned with Task B “Advice on restructuring public transport”. Within this task, there are the following main elements:

- Examine the international trends and experience in the organisation of urban public transport, including existing and emerging EU regulations
- Develop and compare alternative models suitable for the organisation of the urban public transport – bus and tram services – in Gdańsk
- Assist the City of Gdańsk understand the implications of each, and to determine the best course of action
- Assist the City of Gdańsk to put in place the organisational structures to implement the chosen strategy

This is the focus of the current paper, and these issues are presented and discussed below. In parallel, the Project Team is preparing proposals for investments in the public transport.

2. Current Public Transport situation in Gdańsk

2.1 Organisation of the urban public transport

The City of Gdańsk is the transport authority for surface transport within Gdańsk City area. The City of Gdańsk does not have authority over the rail services, either national or regional. High-level policy is the prerogative of the City Council, as are decisions relating to the financing, assets and restructuring of budget units. Organisation of the City structure and the implementation of executive decisions are the domain of the Mayor and his officials.

The City determines the budget to be made available for the urban public transport, sets the tariffs, and determines some of the concessionary and free travel (the balance being set at national level). Thus, the City has full control of the fiscal framework within which the urban public transport will operate. At present, a budget proposal is submitted annually to the City Council by the City. This provides the financing basis for the public transport for the subsequent year. While specific works or projects may be listed in the budget, there is not an explicit allocation of the subsidy by objective or target group.

The public transport authority of the city is managed through the Department of Infrastructure under the Office of the Mayor of Gdańsk. A small public transport unit (currently about 7 people) is responsible for the public transport. This is an administrative unit providing the interface between the City and the public-sector operator ZKM Gdańsk.

The main operator ZKM Gdańsk is a budget unit of the City of Gdańsk. It receives support funding from City of Gdańsk as a block grant to cover all subvention, compensation for concessionary travel and discount fares, and investment needs. ZKM Gdańsk manages the tramway infrastructure, operates all tram services, and operates virtually all bus services in Gdańsk City. It also manages the infrastructure of stops, shelters, passenger information and ticket sales.

ZKM Gdańsk carries out all the planning of the transport services, and although the authority lies with the City, in practice it is ZKM Gdańsk that specifies the public transport offer for the City of Gdańsk, subject to the finances made available to it by the City. ZKM Gdańsk is also the entity responsible to manage all the customer-facing services, including ticket sales, revenue protection, and information to users.

2.2 Public Transport offer in Gdańsk

ZKM Gdansk operates a network of 10 tram lines and 77 bus lines throughout the city of Gdansk and into some adjoining municipalities.

79 tram-sets are operated in each peak, and 55 in the inter-peak period. Headways on the tram network are nowhere shorter than 10 minutes, but the effect of several lines operating on the same route means that the effective interval between services is often as little as three minutes. The peak vehicle requirement of 173 tramcars is 77% of the fleet owned, and reflects the decline in tram operation in recent years; technical availability is always adequate to meet the vehicle requirement. Kilometres operated per peak tramcar are high on all lines except Line 14, and result in an annual utilisation of 71,600 kilometres per peak unit. The average commercial speed on the network in the peak is 17.6 kph.

193 buses are operated in the morning peak, 186 buses in the afternoon and 121 in the inter-peak period. The inter-peak service offer is 63% of the peak vehicle. With 60 lines being operated in the peak hour, the assignment per line averages only 3.2 buses. Some of the lines are operated with differing sizes of bus, and high-capacity buses are sometimes assigned to low frequency lines. Headways on the bus network are nowhere shorter than eight minutes, and 20 or 30 minutes is more typical even in the peak. The average utilisation coefficient is 89%, with technical availability only just being able to cover this. Annual utilisation averages 80,600 kilometres per peak unit, high by international standards.

The average commercial speed on the bus network in the peak is 22.1 kph, or some 25% faster than for the tram services despite operating in mixed traffic. The effect of traffic congestion delays, though, can be seen from the increase in speed to 27.4 kph for the fastest trips, and effective public-transport priority measures could yield major benefits.

Service delivery processes are conventional, but the dispatch and service regulation functions are labour intensive. Further development of the automatic vehicle location and monitoring system will enable productivity gains.

2.3 Key motivators for change

The Consultant has examined the driving factors for change to the current organisational, operational and fiscal arrangements, and has concluded the immediate factors are the need for compliance with emerging EU regulations, and the ability of the City of Gdańsk to finance needed investments in the urban public transport.

The Consultant has also identified four other factors which are relevant, but not yet urgent, being fiscal condition, service quality, asset condition, and competence of ZKM Gdańsk. The Consultant has concluded that the **process** of change needs to begin quite urgently, but that the City does not face an urban public transport crisis. Hence there can be a **gradual transition process** which allows the new structures to be put in place in an orderly manner,

which seeks to preserve (and perhaps enhance) the scope and quality of the transport service output, and which also keeps open some key decision points.

3. International Trends in Organisation of Urban Public Transport

The Consultant has undertaken a study of international experience with public transport organisational models, as well as the market contexts, markets trends, controlled competition, and the challenge of maintaining a competitive market. This is presented in sections 3.1-3.3.

The EU has produced a draft regulation which will regulate the procurement of urban public transport services which require financial support from the public purse. It is referenced as COM(2002) 107 final and dated February 2002. When the Regulation is adopted, Poland will need to incorporate its provisions into Polish Law as part of the process of conforming with EU Regulations and Law. Therefore, any consideration of public transport organisation and practice in Poland must take the EU Regulation into account. This is discussed in section 3.4

3.1 Market Types and Trends

Recently, there has been a strong interest to understand the organisational structure and the dynamics of the sector. This is a prerequisite to initiatives which will change institutional frameworks, access to the market, and the allocation of primary roles and responsibilities.

Generally, it can be considered that there are three functions which need to be assured by a Transport Authority, regardless of the structure of such an authority or of the market environment in which it functions:

- a) The emergence of a **network** of transport services which meets the needs of the citizens
- b) The **procurement of transport services** from competent operators in a way that achieves sustainable value-for-money for services which are supported by the public purse
- c) **Maintaining the quality** of the transport services throughout the contract, licence or concession period.

Note that this need to be “assured” by the Transport Authority – the Authority may choose to be directly involved in the service provision, or may delegate some or many functions and decisions to agencies or to operators while keeping control of the policy making.

Basis for the Public Transport Market

Urban public transport – both tram and bus services - can be classified as being fundamentally either a public service or a market:

In the case of the **public service approach**, it is provided on "command" of the relevant authority as a core service to the citizen. In such cases, the public transport service is typically one of many services under the control of the municipality and supported as necessary from the public purse. Usually the operations are carried out by public sector entities, although they may be contracted out. The main point is that only the authority has the right to determine or to change the offered services. The City of Gdańsk is more closely aligned to this approach.

In the case of the **market approach**, public transport is considered as an activity that is naturally provided by entities interested in engaging in trade and carrying risk in the pursuit of profit. In some cases the market functions well, there is profit to be made, and the primary interest is the regulation of the market in the public interest.

In other cases, the market has ceased to function well (for example, due to the services becoming unprofitable) and the public authority has intervened through mechanisms such as planning, direct operation, support financing, and co-ordination in order to meet urban and societal objectives. However, despite the intervention being a "temporary" corrective measure, it is not unusual for the public sector to entrench the situation, and behave in many ways as though they were in the public service scenario, even using the regulatory mechanisms to exclude market initiatives.

International Context

The International Context for the urban public transport shows the following :

- Regulatory frameworks and markets for public transport are changing
- Transport authorities need to balance the liberalisation of markets with the need for quality, integrated services
- New organisational, business, financing and service relationships are emerging
- Existing and new transport authorities need to adapt to meet the new challenges
- The public purpose must be assured within the new arrangements
- Processes must be sustainable, efficient and effective

The EU Draft Regulation on procuring passenger transport services incorporates all of these aspects, and in time will be applicable in Poland.

Trends in the market

Most noticeably in the past decade, there has been a very clear trend towards an open market for the provision of urban public transport. This has included :

- a) Restructuring of the Institutional Frameworks
- b) Clear separation of the planning and operational functions
- c) Opening of the markets to allow new entrants to offer services
- d) Procurement of supported services through market processes
- e) Corporatisation of formerly public-sector operating entities – i.e. transformation into entities that are structured as companies with associated corporate, governance and accounting principles
- f) Privatisation, joint-ventures and other means of modifying the ownership base of parastatal operators
- g) Making public assets available to both public and private sector bidders
- h) Mobilising private investment for public infrastructure and services

Generic Organisational Models

Taking these trends into account, it is possible to offer a classification of regulatory and market framework. Four types are suggested :

- 1) A public sector entity, in which the authority for the transport services are vested, plans and directly operates the services (old-style public sector model, e.g. Vienna)
- 2) The transport authority retains the initiative, and allocates the right to operate and any associated financing through an evaluation of available interested operators (“new-style public sector model” or “controlled competition”, e.g. Copenhagen, Helsinki, Adelaide)
- 3) The transport authority considers applications from operators (of any form of ownership) and grants licences or other permissions, based on relevant criteria (“light-touch” regulation, e.g. Finnish regional cities)
- 4) An open market is established in which operators can choose what services to provide, as best suits their core objectives (a “deregulated” market, e.g. UK outside London)

3.2 Controlled Competition

“Controlled” competition is the strongest emerging trend, and the one with the greatest complexity from the perspective of the authorities, of organisational frameworks, and of the legal/regulatory frameworks. It is the approach favoured by the EU.

Despite the increased workload for the authority, the benefits arise in being able to influence (to a greater or lesser degree) the type, quantity and degree of integration of the transport services. At the same time, stability in the provision of the services, and wasteful or destructive competition can be avoided. This requires the authority to take the lead in specifying the service attributes (although this can be at the highest level, and leaving the detail to the operator), establishing and implementing a mechanism for inviting potential operators and selecting among them, establishing and controlling the basis on which the services are provided, and intervening over time as required.

A wide variety of instruments are available to select the preferred operator. As authorities are increasingly required to have transparency in the allocation of both operating rights and public finances, an increasing number of cities are using some form of open competitive process with clear requirements and procedures. This can be broadly classed as competitive tendering.

Organisational issues to be assured by the Transport Authority

Based on international experience, there are five main tasks that have to be assured by the transport authority, regardless of the degree of specification of the services. These are :

- 1) Stimulating Competition : Without real competitors, there is no real competition, and the authority has little chance of getting either best price or best quality. It may be necessary to help develop the market, or to protect part of the market for smaller players or new entrants.
- 2) Making Clear what you want : This includes knowing and agreeing among the decision takers what is actually wanted in terms of the service, as well as making clear which other objectives (e.g. small operator participation, employee protection) are to be included in the selection process. This should then proceed to the intended level of service definition.
- 3) Getting what you want : The competition must be carefully structured to make sure that the desired outcome is achieved. This will involve defining the service package and

quality requirements, putting together the tender documentation, well constructed selection criteria, running the competition well and fairly, and having downstream adjustment mechanisms

- 4) Getting what you paid for : Having selected the operator(s) for the job, the agreed task parameters need to be supported by a well structured contract. This in turn needs to be supported by monitoring and corrective mechanisms, and is often further supported by a regime of incentives.
- 5) Managing the next time round : When the contract/franchise period ends, the service may be rolled over for a further period if previously agreed, or will be opened again for tenders. This may involve refining the specification. It will be necessary to allow for any uplift in prices, but at the same time to avoid excessive increases due to lack of real competition or significant transition costs.

3.3 Implications for the City of Gdańsk

The implications for the City of Gdańsk can be summarised as :

- In any new scenario, the City will need to develop Client – Supplier relationship for the provision of the public transport services
- The City will need to be able to specify requirements and manage services, independently of the operator(s)
- This means that the City administration will need to increase its capabilities
- To support this, it will need to develop a robust functional model covering
 - Immediate and possible future functional areas
 - Immediate and possible future Functions and Tasks
- This will act as a reference framework, allowing for expansion of roles and functions
- The specific allocation of roles will reflect the Optimal Model of public transport organisation for Gdańsk
- Explicit funding mechanisms will need to be developed, these need to be stable

Regulations may need to be developed to underpin the organisation of the transport, the regulation of the services, and the funding mechanisms

3.4 EU Regulation on Procurement of Public Transport Services

The EU has produced a draft regulation which will regulate the procurement of urban public transport services which require financial support from the public purse. The regulation is currently entitled “Amended proposal for a Regulation of the European Parliament and of the Council on action by Member States concerning public service requirements and the award of public service contracts in passenger transport by rail, road and inland waterway”. It is referenced as COM(2002) 107 final and dated February 2002. The Regulation is currently being progressed through the European Parliament.

When the Regulation is adopted, Poland will need to incorporate its provisions into Polish Law as part of the process of conforming with EU Regulations and Law. Therefore, any consideration of public transport organisation and practice in Poland must take the EU Regulation into account.

The Commission states its objectives for the regulation as to stimulate more efficient and attractive public transport, through use of controlled competition and other measures; and to promote legal certainty for authorities and operators. It is also intended to create an international market for the provision of public transport services.

The current situation is contrary to the European requirements for an open market for goods and services. It can be challenged in the Courts, and currently there are a number of actions being taken, typically at local level. The European Commission from one side wishes to bring conformity to the sector, and from the other is worried that the matter will be increasingly resolved through the Courts, creating a patchwork legal framework based on judgements and precedents rather than on a well structured framework designed for the industry.

It should be understood clearly that the primary motivation of the Regulation is the proper functioning of the market, not transportation. Having said that, the Commission has then attempted to incorporate good principles for the provision of public transport services, and practical means of working which take into account the diversity of transport authorities, operators, environment, ownership forms, and historical context.

Nonetheless, the Regulation should be viewed from the perspective of **Procurement and Transparency principles**, not from the transportation planning or social equity principles.

Thus, the philosophy of the Regulation can be summarised as follows :

- a) Urban passenger transport services which receive financial support should be subject to normal procurement regulations
- b) There is not sufficient justification to reserve this function and to deny the market to competent bidders
- c) The market to supply urban transport services is now international, and so it must be open in a fair way, and without discrimination

It is worth noting that the Commission strongly recommends “Controlled Competition” and the research which it has carried out (especially ISOTOPE project) indicates that this provides a better achievement of objectives than on-the-road competition.

The main points of the Regulation can be summarised as follows :

- An obligation is placed on the Transport Authority to “aim to” secure adequate public transport services
- Transport services supported by public money should be procured by competitive tender
- Financial support must be through contracts for services rendered, not block subsidy
- Processes must be open, fair and non-discriminatory
- Contracts should not exceed 8 years for bus, 15 years for rail and inland waterway
- Procurement according to the Regulation must start within 4 years of the Regulation coming into force, and all applicable services must be so done with 8 years
- There are very strong requirements on transparency
- The Regulation allows full diversity in organisational models, as long as the procurement principles are respected

It should be noted that privatisation or change of form of ownership is **not** either an objective or a requirement of the Regulation.

4. Developing the Organisational Model for Urban Passenger Transport in Gdańsk

The Consultant has worked closely with the key stakeholders to develop a new Organisational Model for the urban public transport in Gdańsk, taking into account the public transport strategy to be followed, the challenges facing the sector, and the relevant local factors. As part of this process, visits were made to cities both in Poland and in other European countries to see the systems there, and to understand their experiences. This proved very valuable in assessing what may be feasible, and which are the critical success factors and challenges.

The Consultant developed a number of options for possible relevant models for the organisation of the urban public transport in Gdańsk, and considered the “pros and cons” of each.. Five options were considered :

Table 1: Options for Organisational Models for Urban Public Transport in Gdańsk

	Option Title	Characteristics
A	Current Situation	As currently in Gdańsk. ZKM Gdańsk remains a budget unit of City of Gdańsk with funding approved and channelled to ZKM, which retains its monopoly position.
B	Negotiated Contract with Public Sector Monopoly	ZKM is changed to being a corporate entity, structured along business lines, remains in the public ownership. City of Gdańsk makes a contract with ZKM Gdańsk for sole supply of transport services. City specifies the network, services, quality and tariffs. Regime of bonus/penalty gives ZKM Gdańsk motivation to respect the specifications. May also include an efficiency mechanism. Option to create separate bus and tram entities.
C	Procurement by open tender	City of Gdańsk removes the monopoly protection for the corporatised ZKM Gdańsk, and procures the services through competitive tendering. This requires substantial new capabilities in the City administration. Tenders are open to all competent operators regardless of form of ownership. The amount of the network retained by ZKM Gdańsk is dependent on their bidding strategy and internal efficiencies.
D	Light-touch regulation	City of Gdańsk transfers the initiative for the transport supply to the market sector. Operators may seek licences for routes, and the City grants these if certain conditions are met (fitness to operate, quality, not heavily extracting from an existing service). Support for concessionary/ discount tickets is given on a usage basis and verified by ticketing system. May operate light-touch regulation for profitable routes and competitive tender for unprofitable ones.
E	Deregulation	Market is left open to the market to determine. Any operator may register a route and commence operations within a specified time period. Tariffs are the decision of the operator. Support for concessionary/discount tickets is given on a usage basis and verified

		by ticketing system. City of Gdańsk may choose to support certain routes if there are no commercial offers, but must withdraw again if a commercial service is registered.
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The Consultant has recommended that the City of Gdańsk should implement option B in the immediate term and transition to option C within 3-5 years, in line with both the foreseen timeframe for compliance with EU regulations, and the time expected to develop the institutional capabilities.

It is foreseen that the market for the provision of the public transport services would be opened by 2007 with contracted services operating by 2008.

This Optimal Model has been presented to the City of Gdańsk, the various stakeholders, and the City Council, both formally and through a consultative process. The City Council passed a Resolution on 27th February 2003 supportive of this approach.

Elements of the Model proposed by the Consultant

The Consultant has developed the Organisational Model as the vision of how to transform the public transport in Gdańsk to meet both the local challenges and those of participation within the frameworks of the EU.

As with all models and advice, it sets out what the Consultant considers is the best path forward to achieve the transportation objectives, considering all the known factors. It is intended as a road-map, but the destination is actually more important than the path taken. Ultimately, it will be the various stakeholders in the City who will have to determine how this is actually achieved.

The elements of the Organisational Model are structured as a series of progressive actions which establishes Option B in the immediate term, builds the capabilities in the period 2005-6, and then begins the transition to Option C in 2006-8.

This Organisational Model consists of a 10-step approach as follows:

- 1) Establish the legal and fiscal basis through needed City Resolutions and other mechanisms, creating a comprehensive, stable platform
- 2) Build the needed capabilities within the City of Gdańsk by restructuring the relevant departments to be able to define the transport requirements and act as a Client. Acquire all needed data for transport planning, and establish needed IT/MIS facilities.
- 3) Corporatise and commercialise ZKM Gdańsk to behave as a business, enter into contracts, source investments, and operate services.
- 4) Establish the status of the assets of public transport production
- 5) Establish a regime of “shadow contracts” for the provision of the transport services in Gdańsk. In this period, the City creates the service specification (routes, timetables, quality) based on the existing service offer, and establishes a linked performance, reporting and payment regime. This is monitored as though it were real, to give everyone experience.
- 6) City of Gdańsk prepares a negotiated contract for ZKM Gdańsk, to include service specification, payment regime, intervention regime, processes for change to planned service, framework for reimbursement of concessionary and discount ticketing, tariff

setting, and investment mechanisms. Develop performance criteria, monitoring regime and quality standards.

- 7) ZKM Gdańsk operates services for City of Gdańsk under the negotiated contract in a protected market for a fixed period, probably up to 3 years.
- 8) Prepare for future competitive bidding in Gdańsk.. Generate the framework for the competition, expected funding basis, selection criteria, desired results. Establish the tendering process, selection criteria and probity mechanisms. Establish the funding, monitoring and reporting mechanisms. Make the transport sector aware of future calls.
- 9) Prepare and publish the bidding documents. Publish the bid call and run the tender competition. Select the preferred bidders, conclude negotiations and contracts, and prepare for the service implementation.
- 10) Implement services awarded under the competitive procedures. Monitor performance, and reward or intervene as needed. Promote public transport, including improvements to public transport priority. Prepare for future competitive bids.

This strategy is designed with four key things in mind:

a) There is currently no crisis in the public transport service provision in Gdańsk, nor is a fiscal crisis of the City of Gdańsk foreseen which would lead to a collapse in normal financial support to the services. Hence, the strategy is designed to restructure the sector without losing the positive attributes of the current regime.

b) A gradual approach has been proposed to allow the people and organisations to build up their capabilities. Care has been taken to avoid quickly entering into contracts which either 'trap' the City into paying for services that they cannot control, or committing the operator to service levels and quality which it cannot afford.

c) Key options are kept open. In particular, the decision whether to separate the bus and tram services of ZKM Gdańsk; whether to keep ZKM 100% within the public ownership; whether to tender at city, area or route level; and whether to tender all services at once or on a 2-3 year roll out basis.

d) It is uncertain whether there will be a healthy competitive market for urban transport services in Poland by 2007. An option to roll-over the negotiated services for, say, a further 2 years would remove the pressure from City of Gdańsk to accept unfavourable bids.

5. Implementation Aspects

5.1 Implementing the Organisational Model

The Implementation of the Organisational Model requires a large number of inter-related actions, all of which must be assured. These include :

- Establish the Implementation Phasing and Timing
- Establish the needed Resolutions to launch the actions
- Design and set up the City Passenger Transport Unit
- Design and develop the contractual basis for service provision
- Design and establish the service quality standards and monitoring mechanisms
- Reposition the assets of transport production, and establish arrangements for their use

- Design and implement the corporatisation of ZKM Gdańsk
- Formalise the financing basis for the public transport
- Address any arising legal issues

Through 2003, the Consultant has prepared recommendations on each of these issues, and is currently working with the City of Gdańsk and ZKM Gdańsk to progress these. However, while these are in many ways the practical dimensions, there are some underlying issues which impact on them.

5.2 Practical Implementation Issues in Gdańsk

At the time of writing, a number of very relevant and interesting issues are being considered by the stakeholders in Gdańsk. These are worth discussing here, since they will impact on the future shape of the public transport in Gdańsk.

It is clear that there are no unique ‘right’ answers. Rather, there are balances of different interests, responsibilities, security, funding and ownership. There are also balances of the short- and longer-term decision-taking, which are not always so easily reconciled. We present the following issues to show the complexity of the decisions faced here in Gdańsk :

a) *Labour issues* : The workforce of ZKM Gdańsk currently have security of employment, and there is a stability in the organisation of labour, negotiation of conditions, and relationships with the budget unit of the City. Changes to the form of ZKM Gdańsk, to the basis of its contract for provision of transport services, and the ultimately having to compete for market share – all of these are likely to change the current stable situation. Naturally, the workers are deeply concerned to foresee the implications of the new scenario, and seek assurances for the security and conditions of workers.

b) *Ownership and future of ZKM Gdańsk* : As ZKM Gdansk is corporatised, it opens up many possibilities for the future structure, viability and ownership of the company. It could remain in the public sector, or could have different levels of private participation. It is also possible that there would be different divisions for the bus and tram operations. The City needs to consider what is the long-term strategy for the company.

c) *Investments* : It is clear that new investment is needed for the public transport sector – for infrastructure and for vehicles, as well for customer-facing services and the organisational platform. There is a range of issues about what criteria to apply to these investment needs, how these should be financed, and with what priorities. Public transport investment needs must compete with other needs of the City, but they cannot be put off forever without risking a collapse of the service and of citizen confidence.

d) *Transport strategy, and the role of public transport*: This leads on to a higher level issue, which is : where to position public transport within the urban transport strategy ? Should the City develop separate strategies for cars/roads and for public transport? Or should a single realistic strategy be developed. This would require clear decisions to be made on financing, road space, mobility priorities, environmental priorities, and the future vision for urban form. Allowing the situation to drift leaves a real risk that Gdańsk will gradually become increasingly congested with neither cars nor public transport able to move effectively, and damaging both the economic and human viability of the City.

e) *Transport Assets*: The assets of the transport production – tracks, land, infrastructure, depots and vehicles – represent historic investments of the City. What should happen to these? Should they remain in the City ownership, be sold, or be vested in the new ZKM Gdańsk ? Should the City try to protect them – especially land and depots – so that they always are available to public transport, or should they allow the use to change according to expediency ?

f) *Speed of change* : It is more or less inevitable that there will be competitive tendering for bus (and perhaps also tram) services. When that happens, ZKM Gdańsk will need to be able to compete with both international and local Polish competitors. However, the City has to consider how quickly to promote change. On one side, ZKM Gdańsk may need ‘harsh love’ to prepare now to compete with firms that have lower cost bases or different means of production – if it loses competitive bids, it may lose much of its business. From the other side, gradual change will ease tensions and reaction. Also, the City must consider that if there are efficiency gains to be made, maybe it would be good to have these savings as soon as possible and lower the subsidy requirements to the sector.

g) *Future competitive market*: The EU regulation allows for quite a broad band of market for the provision of public transport services, just as long as it is open and fair (this is something of a simplification). The City could opt for a single global contract for all bus services, for area contracts, or for contracts by individual routes. The City could also opt for different financing structures. Each of these will have very different attraction levels to different potential investors, and to the role that the City itself would play in defining and managing the public transport.

6. Conclusion

The Consultant team has proposed to the City of Gdańsk an Organisational Model for the organisation of the urban public transport in Gdańsk, as well as the implementation mechanisms. We believe that the Model and the mechanisms are relevant and workable. The approach can be implemented smoothly, thus avoiding crisis, discontinuity or deterioration of quality.

However, as in life, there are many competing and sometimes conflicting issues and interests. For some issues, it is possible to find an option that balances well these interests. For others, such a path is not so clear, and at the very least certain interests feel that they are ‘potential losers’.

The City of Gdańsk and other stakeholders are faced with multiple inter-connected decisions on how and when to develop the urban public transport framework for Gdańsk to meet the mobility needs of the citizens for the coming decades.