



**The
concept of
management
and funding
public transport
authority in
the LGOM
area**

Summary

On the basis of expertise on the inventory of connections, ticket-tariff integration and the legal basis for the organization of public transport in the LGOM area elaborated for the project Inter-Regio-Rail, which is implemented in the framework of the Central Europe Programme, the concept of management and funding of regional transportation in the LGOM area indicating possible practical solutions for the integration of public transport was prepared. Particular attention was paid to the possibility of creation of a managing body of regional transport in relation to the specificity of LGOM with concept of income distribution. Identification of several variants of possible solutions by analyzing their economic and functional efficiency was made. In this context, also applicability of different options was done, with proposition of stages for the integration process of regional transportation management. The analysis and conclusions resulting therefrom may also significantly influence the choice of the organizational form, and define the competencies and tasks of a regional transport management unit.

The regional market for road transport in LGOM is basically a deregulated market, resulting in good service standards, especially on routes with high demand. A major drawback of this form of market is the limited possibility to create an attractive passenger transport offer. A large number of relatively small, competing operators causes disintegration and significant differentiation in the range of services offered. First of all, passengers cannot buy one ticket for a journey, which includes the offer of two or more operators. Passengers, therefore, bear relatively high costs for journeys including interchanges, which often leads them to meet their transportation needs with the use of cars.

Offering attractive public transport in LGOM requires a certain activity of self-governments at various levels, including the coordination of these units in order to provide an integrated offer, both within the regional transport and between regional and public urban transport. Action is also needed to increase the potential of rail transport. The role of the market regulator should focus on developing the services

offered based on the analysis of transport needs and demand and the mechanism of competition to get the cheapest services of the desired quality level.

The most important issues for integration of collective transport in LGOM area are as follows:

- scope of integration,
- way of integration,
- forming up the institution managing the regional transport,
- provision of financing system for an integrated regional transport.

The most important issue is the integration of regional transport. However, due to the nature of LGOM, great importance must be attached to the implementation of solutions enabling the integration of regional and urban public transport. The elaboration presents variant solutions, due to the fact, that in practice the speed and efficiency of the integration process to a large extent depend on the willingness of self-governments to cooperate and the possibility of spending funds from the budgets of these entities to carry out the tasks related to the integration of public transport.

In the initial period, a very important aspect is to take the role of an initiator and coordinator of integration processes by one of the self-governments. In LGOM, such a function might be taken over by local government units involved in the organization of urban transport. City of Lubin could be regarded in this role, which acts as the organizer of transport, within the framework of the City Office.

It is the only city in which there has been a specialization of management functions by separating the sphere of organization and operations, and the operator has been selected in a competitive tender process.

Commercial operators on the market and occurrence of competition could reduce the financial commitment of self-governments and the role of a specialized organizer. In order to decrease the spending of public funds, transport operations should be organized as inter-commune transportation, and the integration should take place at county level.

In this situation, the following solutions might be considered, in which the role of organizer is performed by:

- option I - Legnicki county or one of the counties, based on agreements between counties made with the other four counties which form up LGOM,
- option II – an association of counties,
- option III – a company formed by counties.

A regional transport authority might operate as an entity organizing:

- exclusively regional road passenger transportation,
- the whole regional passenger transport.

The organizational structure of the regional transport authority as a budgetary unit or bureau of association should therefore be framed in relation to the tasks conferred upon that entity for execution. The authority should perform certain tasks, such as regional market research and analysis, planning of development of public transport, creating transport offer, including up-to-date and coordination of timetables, setting up agreements with operators for subsidized services etc. In total, it was assumed that this structure will need 23 regular posts. Integration of public transport in the area LGOM however, can be done in stages. Therefore it is reasonable to indicate the minimal size of the regional transport authority, providing, however, tangible effects of integration. It is assumed that in this case, the structure will require 13 regular posts, and some tasks will be outsourced.

An exemplary statute was presented, which sets out the specific tasks for the authority and the main principles of its management. The statute was elaborated for option II, which assumes the forming up of association of counties.

The regional road transport should be integrated with urban public transport in all cities and rural communities of LGOM, as urban public transport in these cities and communities. It would be best if the whole LGOM area could be serviced by one entity who carries out organizing and management activities for both modes of transport. Formal and legal considerations do not allow for such a solution. As a result, it is

necessary to propose a more complex and also less effective solution, which is discussed in detail in chapter 5. It should be noted, according to the authors, that the most cost-effective solution will be reduction of the direct provision of services to a minimum and to use the services of private operators selected by the tender. As the minimum necessary at this stage, it can be considered the direct assignment of services to MPK Sp. of o.o. in Legnica and possibly to Komunikacja Miejska Sp. z o.o. in Głogów.

Prices for services of regional road transport should be determined by the operators themselves (net contracts), with the exception of integrated tickets. The net contract allows the operator to use the reduced tariff without a refund, parallel to the statutory relief from the refund. In the case of regional road transport, the net contract may include servicing of a particular route at a certain frequency at certain times of day. The subject of tender would therefore be the amount of surcharge needed to be borne by the transport organizer.

In large areas where it is necessary to integrate tariffs of different modes of public transport and the various operators, the most well-suited to be applied is the tariff zone. In this case, the rational solution is to introduce an additional ticket as an integrated ticket being valid among existing operators who enter into a net contract with the organizer. The ticket will complement the existing tariff offer.

In relation to an integrated ticket, the options discussed in this expertise show, important differences. In option I (budgetary unit of the county) the fare for the integrated ticket is set by the county council, which, under the agreements, other counties entrusted the organization of regional road transport. In option II (association of counties) the fare for the integrated ticket is set by an assembly of the association. In option II (association of counties) financial share of the member includes annual fee and additional payments for statutory tasks of association.

Annual fee is related to volume of vehiclekilometers which are executed under association on the area of particular county. The final payment is the volume of vehicle kilometres multiplied by the base rate.

Payments for statutory tasks of association are calculated as the difference between costs of integrated transport service of particular member and the revenues from transport services on the area of given county.

The crucial element of this system is the creation of a precise mechanism of revenue identification and its assignment to the concrete county. In case of absence of advanced systems (i.e. electronic ticket “check in check out”), it is recommended to use marketing research. Results of marketing research would be the base for assignment of revenues to particular territorial units. They allow to take into account changes in the volume and structure of the demand. There is another, simpler possible solution to implement, where the base for calculation is the exploitation work expressed in vehiclekilometres, executed on the area of particular counties.

In option III (commercial company), the procedure for establishing an integrated ticket fare will be the same as in option I, because of the need to comprise agreements between counties.

Revenues from integrated tickets for individual self-government units shall be determined on the basis of the size and structure of demand, registered through electronic measurement devices, or by marketing research.

Referring to the options presented in elaboration, rules of funding the regional transport were proposed, including the transportation management unit. A general assumption was adopted that share in income and costs will be calculated for each self-government as well as the amount of financial aid to cover a possible deficit. This is to enable (except the offer of integrated tickets) flexible shaping of the services offered in the area of particular self-government in relation to its financial capacity and to prevent a situation in which the self-government finances services in another unit through the use of improper accounting rules.

The study presents the estimated annual expenditure associated with the operation of a public transport management authority. The level of expenditure depends on the scope of the activities carried out by this entity. For this reason, the calculation of costs

was performed for two variants of transport management authority, respectively, for 23 and 13 posts. In the case of 23 posts, the annual expenditure on its operation will amount to 2 016 689 PLN, while for a smaller unit having 13 posts, expenditure will amount to 1 210 248 PLN. The cost structure is dominated by staff costs, which results from the specificity of the unit performing functions of organization and management.

Phasing of the development of integrated management of public transport in the LGOM area was proposed due to financial and formal constraints.

The first stage should lead to the internal integration of the regional road transport, selecting one of the proposed options for organizational and managerial solutions.

The second stage should lead to the internal integration of urban public transportation. Organizational and managerial solution must be adjusted to the solution chosen in the first stage, so that the next steps could lead to the integration of regional road transport with urban public transport. Introduction of common tickets of road regional transport and particular urban public transport networks of LGOM self-governments is advised on that stage.

The third stage includes further development of the offer of regional road transport based on communities' initiative.

The fourth stage comprises the extension of validity of common tickets of regional road transport and particular urban public transport networks on railway passenger transport in LGOM area.

The fifth stage should lead to integration of formerly integrated regional road transport and urban public transport with passenger railway transport to Wrocław and with urban public transport in Wrocław.

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