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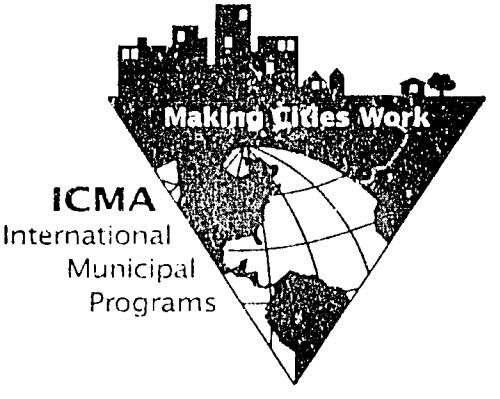

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FINAL REPORT:

GDYNIA ECONOMIC DEVELOPMENT

POLAND

November 1993

Prepared for the Office of Housing and Urban Programs
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ABSTRACT

This report covers the ICMA visits to Gdynia, Poland in July and October 1993. The purpose of the trips was to assist the City with economic development planning, with particular emphasis on the City's industrial and maritime area, and its downtown waterfront. This report provides practical recommendations for the City and Port administration, and identifies technical assistance proposals for potential future ICMA work in Gdynia.

EXECUTIVE SUMMARY

Findings and Recommendations

The industrial land use analysis conducted by the Gdansk Politeknika team contains much valuable data, including changing land uses, types of small businesses, and employment patterns. The data is not now in an easily reproducible form, nor has not been broken down into segments that will be useful to the City Planning and Economic Policy departments. We recommend that staff from either or both departments be given responsibility for extracting relevant information and preparing the data for broader use.

The local industrial land use study suggests several opportunities to rationalize or create sites for new industrial investment. There is potential for industrial park-type lots on Hutnicza Street, the main industrial corridor, through re-location and upgrading of garden plots, agricultural and other sites. A strategy to improve the residential area in the middle of the industrial area would also strengthen the investment environment.

Infrastructure improvements are key in the industrial/port area. The completion of the Trasa Kwiatkowskiego bridge near the port facility demands immediate attention, with City staff responsibility, and cooperation with major institutions and firms. The most significant future investments may be the potential road improvements in the area around Polska Street, through the transition area lying between downtown and the industrial and port area, and road access to vacant industrial lots in the Hutnicza area.

A City role in encouraging the real estate market to provide stable, affordable real estate options and services for small local businesses should be established. While the effort can be of an marketing or referral nature, the City should study the possibilities of retaining control of part of the Handlomor building as a business incubator.

Gdynia planning staff recognizes that new and creative mechanisms on the local government level are needed to administer the new land use and master plans that are now being developed. Although national law imposes constraints on local regulatory powers, a multi-disciplinary task force should be organized to propose creative changes on the local level.

The ongoing privatization of state-owned enterprises, which include the Port of Gdynia, the Gdynia Shipyard, the fishing and processing firm Dalmor, and non-maritime manufacturing firms, is spurring major changes in land use. Many of these firms share certain objectives. These include the desire to sell or lease portions of their existing properties, establish free trade zones, and improve infrastructure. The opportunity exists for joint cooperation between these firms and local government.

There are at least three sites being considered for a new passenger ferry terminal. Cargo dominates in the winter months; passenger traffic increases significantly in the summer months. The investment is to be made by the Port of Gdynia. Although the site near the port's old

passenger terminal seems to meet both needs (if improved road access can be provided), detailed feasibility analyses should be done for all alternatives currently being considered.

A common goal framework is needed to guide development, taking into account business, local residents, and tourist user groups. Consideration should be given to the following: linking waterfront renewal, area re-use and improvement to economic development, enhancing the central waterfront as an attractive center for both business and public use including local residents and tourists, providing secure and improved public access and recreation, sustaining and promoting the working waterfront where feasible, and restoring and improving environmental quality, including water quality.

Reserve waterfront shoreline for shoreline-dependent port and industrial uses and public access; link downtown to central waterfront. The shoreline should remain available for maritime uses such as the ferry terminal and other shipping and fishing-related activities, and for public use in locations like the central waterfront and adjacent area where marine industry does not need to locate. New visitor-serving (i.e., business client and tourist-serving) commercial and related uses, such as the world trade center and hotel development, that can capitalize on and enhance a waterfront site can be adjacent to, but need not be directly on, the shoreline. Central waterfront areas not capable of being developed within the near future should be reserved so that future opportunities will not be lost.

Several waterfront development possibilities exist, that include new visitor-serving and recreational uses that can reinforce each other economically in a redesigned central waterfront area. In the Skwer Kosciuszki area, such possibilities include:

The World Trade Center: The City should view the WTC as a potential partner and/or supporter of investment in adjacent public development, as complementarities of uses will exist from which the WTC will benefit.

The Central Pier: Preservation of pier open space and visual links to the downtown are important. However, some of the existing uses can be enhanced by joint involvement with the City in a Baltic marine education and recreation center, which itself would be a new attraction on the pier for tourists and the local public. A new seafood restaurant might complement this development. Other, less important possibilities should be deferred.

Temporary Structures: The potential for promoting new special events to help promote Gdynia's attractiveness as a business and specialized tourism location should be explored. The need for temporary structures for these events should be examined, but other possibilities should be deferred.

Upgrading or replacement of some existing attractions: Cricoland should be replaced, perhaps by an all-weather public multi-purpose recreational facility that could serve tourists, World Trade Center users, and the local public. Another hotel could be located in the area on currently vacant or under-used land, and new visitor-serving commercial recreational and retail

development could similarly be located in the area.

Next Steps and Possible Technical Assistance

Focus financing, technical skills, and organizational energy on a few top priority concerns, and defer other items until later. Only a few of the many concerns and development opportunities identified will be capable of sufficient and sustained attention by the City, the private sector, and state enterprises now in the process of conversion, and will be able to receive adequate funding, during the next several years. Human and financial resources must be concentrated on those activities which are deemed essential to further development, which enable or facilitate activities underway to be completed or reach a more secure level of operation, and which can provide the best means for building local capacity and momentum for future activity. Action priorities appear to be: (1) completion of the Trasa Kwiatkowskiego road bridge to improve access to the port and industrial area; (2) carrying out technical feasibility analyses to enable a decision on where to locate the ferry terminal -- and then (3) building the terminal and associated road improvements; (4) completing feasibility studies for the world trade center and coordinating its design with public access improvements in the Skwer Kosciuszki area of the central waterfront; (5) focusing a coordinated, multi-interest effort on identifying common development projects among maritime and industrial users (a Gdynia free trade zone, for example); and (6) undertaking feasibility analyses for selected public recreational and visitor-serving commercial facilities in the central waterfront area.

The successful resolution of important development issues, such as the placement of a passenger ferry terminal or the completion of Trasa Kwiatkowskiego, demands sustained cooperation with other institutions, and directed, dependable staffing. City leadership needs to take "ownership" of all consultants' work and provide consistent policy direction. Increased coordination, first among City departments, and second between the City, the port, regional and national governments, the private sector, other concerned sectors and institutions, and the broader Gdynia community is necessary now. We are proposing the formation of an organization, composed of the City and the various interests in the port/industrial area, to meet for the next 6-12 months and establish joint policy and projects, in part based on the work prepared by local consultants. At first, such a committee could begin to share information, review plans, determine implementation and financing strategies and priorities, and resolve specific development issues. Eventually, a formal organization to oversee and implement implementation might be formed.

Additional implementation analyses and studies for specific elements of waterfront and industrial development are critical. These include costs of, and constraints on infrastructure development, feasibility and market analyses for various potential industrial, business, and visitor-serving uses, evaluation of organizational options such as a joint powers agreement, and identification of potential financing sources. Both long term and short term efforts are needed. Building the potential for municipal or other bonds is probably a long term activity, although such analysis should not be ignored. More immediate results could come from investigation of the potential use of development loan guarantee instruments and matching fund arrangements, especially through international agreements.

Specific areas of possible technical assistance have been identified, which, to a great extent, could satisfy the need for the analyses discussed above. Further technical assistance, which can take the shape of City staff training, work done by both ICMA and local consultants, and funding to staff organizational efforts discussed here, should be guided by the City of Gdynia's willingness to choose priorities, assign staff and coordinate economic development efforts.

TABLE OF CONTENTS

ABSTRACT ii

EXECUTIVE SUMMARY iii

TABLE OF CONTENTS vii

I. INTRODUCTION 1

II. INDUSTRIAL/PORT ISSUES 2
- A. Overall Goals and Background 2
- B. Development Issues 3

IV. DOWNTOWN WATERFRONT DEVELOPMENT 7
- A. Background and Overall Goals 7
- B. A Suggested Development Concept For Gdynia's Central Waterfront 8
- C. Waterfront Development Alternatives 10

V. PRE-CONDITIONS FOR NEXT STEPS AND EFFECTIVE PROGRESS 13
- A. More overt and clearly defined City leadership 13
- B. Formation of a group representing the major public and private interests in the port/industrial/waterfront area 13
- C. Adequate City staff support and coordination between concerned City departments 14
- D. Additional implementation analyses and studies are needed for many elements of the overall development picture 14

VI. POTENTIAL AREAS OF TECHNICAL ASSISTANCE 15
- A. Organizational Assistance 15
- B. Transition Area 15
- C. Passenger Ferry Terminal Placement 16
- D. Central Waterfront 16
- E. Industrial Area 16

MAP OF GDYNIA PORT/INDUSTRIAL/DOWNTOWN WATERFRONT 17

I. INTRODUCTION

Under the Local Government and Housing Privatization ICMA/AID contract, two consultants were sent to the City of Gdynia, Poland, in the spring of 1993 to assist the City with economic development planning. During this largely introductory visit, specific issues explored were the status of the port, redevelopment of vacant and underused land, status of proposed world trade center, provision of a business retention and attraction program, potential future work with businesses on management and financing needs, and the potential for more intensive use of the waterfront and its link to tourism.

The scope of services prepared in June concentrated on two, related topics: preparation of recommendations for the further development of Gdynia's industrial and maritime area, and its downtown waterfront. The ICMA scope of services was designed to coincide with and build on work being done on the local level by area consultants. One is a land use analysis of the industrial area, and the other is an ongoing master planning process for the downtown. Both local contracts were executed by Gdynia's local administration, and will be part of an overall zoning, land use and master plan for the City.

This report covers the main issues and recommendations that were the focus of two visits to Gdynia in July and in October of 1993. A final report of the first visit, as well as a report from the July work, are also available. George Karras and Ursula Powidzki were the team members throughout the three consultancies. In July they identified several issues, influences, opportunities, and locational situations concerning Gdynia's waterfront and tourism development for further examination by an ICMA waterfront consultant. Peter Grenell joined during the October visit and concentrated on these issues.

The analysis and recommendations have been culled from available written reports and data, many interviews and site visits (regarding, for example, office and manufacturing space demand), and the material and emerging analysis coming from the teams of local consultants engaged by the City.

We would like this report to help guide what the City, Port administration and other Gdynia institutions do with the results of the local consultants' analysis, and move towards implementation of some of the resulting proposals. The report also sets out necessary conditions for further cooperation, and identifies technical assistance proposals should Gdynia and ICMA/AID continue joint work.

II. INDUSTRIAL/PORT ISSUES

A. Overall Goals and Background

Although Gdynia's recognition of its downtown commercial area as a major commercial and business center is sound, the competitiveness of its port/industrial area, together with the shaping of rational policy regarding this area, is equally important. Additionally, the two economic areas share many common issues. We suggest here general land use and development goals relating to the industrial and port area, which are by no means comprehensive. Many are connected to issues raised in the earlier reports.

1. Complete and provide additional necessary infrastructure (road, sewer, utilities) in the industrial and port area;

2. Encourage and support the availability of suitable space for local small and start-up firms;

3. Provide accessible and competitive land for new industrial development;

4. Re-locate or shield inappropriate and incompatible uses in the industrial area;

5. Coordinate and assist with the continuing re-development and re-structuring of privatizing maritime and manufacturing firms, particularly those along the waterfront;

Geographically, the area is bounded by Jana z Kolna Street (and the northern edge of downtown) on the south, the naval shipyard on the north, the industrial waterfront to the east, and the terminus of Hutnicza Street to the west. (See map in appendix). The port/industrial area encompasses over 1400 hectares of fastland. Estimated employment is 25,000. (The estimate is based on the recent survey work performed by the Gdansk Polytechnic team). Precise employment figures are difficult to establish because of the changing nature of many of the businesses located here. In addition to the readily identifiable large manufacturing and maritime firms, are many small businesses leasing space or land, often on the premises of the larger enterprises. Turn-over of these firms made the survey work challenging.

Ownership of the industrial waterfront is primarily held by the Urzad Morski, a national maritime administrative body, the Gdynia Port and maritime-related state-owned firms now largely organized as individual joint stock companies. (The Urzad Morski has a diminished role in the administration of maritime economic activity, but it still retains control of important railyards in the area. Its role vis-a-vis the Port of Gdynia is to be further clarified in pending national legislation). The major privatizing maritime firms include Nauta, a ship repair facility, the Gdynia shipyard, and Dalmor, in the downtown area. The Port of Gdynia contains nearly 250 hectares and 10 km. of quays, the shipyard has 116 hectares of holdings, and Dalmor has 30 hectares, located on a pier downtown, adjacent to Skwer Kosciuszki. Nauta does not have a pier, but has several properties in the transition area that will later be discussed. The naval

shipyard facility on the northern edge of the area is being downsized, and land has been offered to the Port and City for future re-use.

Ownership along Hutnicza and streets off Hutnicza is mixed: included are private, former state-owned firms, and City properties. Hutnicza is a mix of warehousing, wholesaling, distribution, manufacturing and construction material firms. A few buildings, such as the former ElGaz building, house office tenants. In the central portion of this corridor, particularly, properties are irregularly shaped and narrow. The City owns agricultural land of at least 50 hectares in the northwest corner of the industrial area, which is marginally used. Communal garden plots, one totaling 22 hectares in the center of the industrial area, are under national ownership. These date back to the period following World War II, and are scattered throughout the northern portion of the City. Constraints on development of vacant land include the existence of marshy areas and the lack of utilities or proper road access. Redevelopment of existing industrial sites will be hampered, in many cases, by the existence of heavy industrial infrastructure that is expensive to remove, and generally is no longer suitable to the needs of the market. One significant sign of new investment is the Coca Cola facility, located toward the end of Hutnicza.

As discussed in previous reports, access to both the waterfront, port facilities and the Hutnicza industrial area is seriously hampered by the uncompleted bridge of Trasa Kwiatkowskiego.

B. Development Issues

1. The industrial real estate market and City policy.

Because of general economic conditions, the local "for sale" market for industrial property is sluggish. Gdynia firms prefer to lease property, to some degree because of the "start-up" nature of small Polish firms, and because of the difficulty in obtaining favorable financing. Many small firms are leasing space or buildings from large former state-owned enterprises. Leasing terms are not always favorable, because the property owners are not certain of their plans, from a business or real estate perspective. Planners are expressing concern at the jumbled nature of the development. Along Hutnicza, for example, there is a great variety of users, of different types and sizes.

Large transnational companies, however, will look for undeveloped, larger tracts of land that are well served, in terms of road access and utilities. According to the Politeknika team's analysis, Gdynia does not have many significant parcels of industrial land fitting this description, particularly in the critical port/industrial area. There is City-owned land that could be used for this purpose, but it would need to be prepared, either through provision of utilities or road access, or relocation of certain uses.

Gdynia's land use policy, and more importantly economic policy, should have as a goal the creation and marketing of available land for sale for new industrial uses (along the lines of the Coca Cola investment), and also a stable supply of real estate for lease for Gdynia's small industrial and distribution businesses. The fact that much of the real estate is in private hands

does not completely diminish the role the City can play. Clearly, the zoning regulations that may emerge from the local consultants' work, as part of a new master plan, may stipulate lot size, acceptable uses, set-backs, access and other physical requirements for industrial and commercial property. The City can also address some of the need through such mechanisms as: retaining ownership of a building such as Handlomor for use as a business "incubator" for small firms (to be discussed in the transition area section); investing in infrastructure or relocation of certain uses to create "business park" type land for new industrial investment, and establishing an inventory of available land and buildings, particularly those under some public ownership, in cooperation with local brokers and local business organizations.

2. Privatizing Maritime and Manufacturing Firms

The phenomenon of former state-owned enterprises downsizing their facilities, by selling or leasing portions of their land and buildings, is acknowledged by public and private sector leadership. The Gdynia shipyard, for example, has made available for lease the western portion of its site for communal and commercial purposes. Dalmor is leasing portions of its refrigerated facility to other food and fish processors and shipping concerns. These may be necessary business decisions for the firms. Local government will eventually affect these decisions through the master plan: limitations on what uses may be introduced, or how property may be sub-divided, for example. The Gdynia administration can also be more proactive, by acting as a "broker", particularly with those properties that are of strategic interest to the port and City (such as Dalmor or the Gdynia Shipyard) . In its simplest form, consistent contact should be established, perhaps through an informal organization, and potential opportunities for re-development, consolidation, sale or even land "swapping" identified. There are shared development objectives, such as proposed free trade zones and improvements to road and other infrastructure that can be coordinated and encouraged by local government. (This will be elaborated in the recommendations section).

3. Re-development in transition area.

The area, generally bounded by Jana z Kolna St. to the south and Polska St. on the north, is a mix of light industrial, maritime, office and residential uses. Among them are the administrative offices of the Urzad Morski, the Nauta ship repair properties, the Handlomor facility, two Port of Gdynia piers. It serves as a transition zone between the heavy industrial/port area and downtown. The southwestern portion of the area possesses some underdeveloped sites that are in close proximity to the rear of the municipal market, a lively and attractive facility with a broad range of retail uses. Indeed, some property owners want to capitalize on the closeness to downtown. Nauta ownership, in conjunction with local, private investors is renovating one of its properties as a retail and trade facility. The building was originally constructed for manufacturing purposes. The Handlomor site, a City enterprise currently in the process of privatizing, leases space to approximately 30 small companies. (Handlomor was discussed in the July report).

Gdynia's administration has submitted a proposal for funding from the EC to retrofit the Handlomor facility for use as the site of the 1994 Europartenariat conference, an annual EC-sponsored event, and as the temporary location for World Trade Center activities. (The previously noted Nauta facility, in close proximity would also be used for the event). Should the site be chosen for the conference, the building would be improved within the next six months. Several firms will need to re-located to accommodate the conference, and we strongly urge that the City provide re-location assistance, whether financial or technical, to the displaced firms. The investment in the building should lead to a permanent use of the facility for trade show and conference purposes, but also as a locally-sponsored business incubator. EC funds allowing for the improvement of the Handlomor building will obviously make the economics of establishing an incubator easier, but planning and organization would still be critical. Financial and other considerations include what rents could be charged, what services provided, and who would be responsible for managing such a program. (Without the EC funding, a financial analysis of the building and its enhanced use as a multi-tenant facility is even more important).

With or without the Europartenariat event, the southern section of the transition area has potential for mixed use development, drawing from both the strength of downtown and the port area, that might include housing, affordable office and light industrial space, and retail. Wladyslaw IV, a major downtown road corridor, will need to be extended to provide direct access (now marginal) to the sites in question. The extension will be constructed next year should Europartenariat be held at the Handlomor and Nauta sites. Should the sites not be chosen, it is important that the City still proceed with the extension to allow other development.

At the opposite, northern end of the transition area, the Port administration and City should re-consider the option of a re-constructed Polska street, and further, improved road access through the transition area to downtown. The Port had, in previous years, weighed whether or not to re-design and replace the existing Polska Street, which is a narrow east/west street leading to the historic Stefan Batory pier, other Port piers, and the now closed Dworzec Morski station. (Port officials eventually decided against the investment). The Polytechnic consultants have suggested that the new passenger ferry terminal be located at the pier adjacent to the Dworzec Morski station, and that the station be re-developed for use as a terminal. The investment would require improvement of Polska Street, and a better connection to downtown, so as to allow efficient transport of cargo as well as the hoped for funneling of tourists to the center of Gdynia. A feasibility study is needed to assess the several terminal sites that are being considered. (The passenger terminal is also discussed in the downtown waterfront development section). However, improved road access should considered a possible public investment goal, regardless of the terminal location, since it would further link the central city and the port/industrial area.

4. Completion of Trasa Kwiatkowskiego.

As has been acknowledged by all sides, cooperation and a concerted "lobbying" effort is required to fund the remaining construction of the bridge. (The road was discussed in detail in the July and April reports). As is also known, completion will improve port and industrial area accessibility immensely, and meet one requirement for World Bank funding of the remainder of

the road project. Although the interested parties (industries, port, City) have met within the past half-year to discuss next steps, the strategy appears unclear. The bridge could easily be the first "action item" of a more organized group of local government, the voivodship, and waterfront and industrial users.

5. Re-use of gardens and agricultural land.

The land use analysis prepared by the local consultants indicates a significant amount of land used as garden plots, and agricultural land in the northwest section of the Hutnicza St. industrial area. The largest garden plot cluster, in the center of the industrial area, encompasses 22 hectares. It could be argued that the gardens are not appropriate uses in such an area; they also potentially represent a lost opportunity to build an inventory of available industrial land. From a political point of view, a re-location of the garden plots would need to be phased in over a period of a few years, and obviously, suitable re-location sites found. Similarly, the City-owned agricultural lands on the edge of the industrial area could arguably be put to better use as land available for new investment. (The land is located near the Coca Cola plant on Hutnicza). In this case, road access is poor, and might need to be provided, at least partially. Further work should weigh the estimated costs of providing infrastructure to these areas, and the political cost of relocating gardens, versus the benefit of creating new developable parcels for an attractive industrial park setting.

6. Residential area.

The local consultant team's analysis has also examined the residential area, with a population of six thousand, that is located in the heart of the industrial area along Hutnicza. The neighborhood lacks basic services and utilities. As above, optimal use of the industrial area, and the less than desirable aspects of living in such an area, might suggest the eventual re-location of the housing and its inhabitants. The local consultants have tentatively recommended against such action, since the residents would oppose such a wholesale move, and the costs of replacing the housing would be exorbitant. (The housing is privately owned). The City leadership should consider its specific policy regarding this neighborhood. There are several possible scenarios:

- the City could decide to upgrade the housing and invest in lacking infrastructure; the cost of these needs to be identified

- the City might opt not to upgrade the area, and establish a long-term plan to phase out the residential uses, as people move out; the obvious political costs of these need to be weighed

- a combination of the above two policies could be pursued, examining whether certain portions of the neighborhood should be upgraded, and others re-located. Again, costs need to be identified.

IV. DOWNTOWN WATERFRONT DEVELOPMENT

A. Background and Overall Goals

The first two consultancies identified certain issues regarding downtown waterfront development. They included: desired development and activity density on the central waterfront (the area outside of direct port control); the balance between public preferences for open space and more intensive use; the relative mix of commercial, retail, office, and recreational uses; identification of infrastructure and other costs for various development alternatives; how to gain public support for central waterfront enhancement; how existing attractions and events might be supplemented or changed to increase their attractiveness. Regarding locational preferences for leisure time activities away from the central waterfront, other issues mentioned included poor water quality, legal constraints on construction and ownership on the waterfront; climate; and lack of facilities.

The July report identified six locational items of concern which were to form the focus of attention for the waterfront consultant. These were:

1. Placement of the passenger ferry terminal;

2. General analysis of the relationships between the world trade center and other potential activities in the area between Dalmor and Skwer Kosciuszki;

3. Alternative uses on the central pier, including possible alternatives to existing structures;

4. Potential for, and design of, temporary structures and uses for summer months;

5. Upgrade or replace some existing attractions in the area; and

6. Development potential of Polanka Redlowska, and whether the City should offer special incentives for its development.

The following general goals are suggested with the intention of providing an overall, common framework to guide the City's waterfront development. They embrace all the concerns identified in the July report, but are not meant to be either totally comprehensive or exclusive. Such an overall vision is called for in view of the several seemingly uncoordinated activities now underway that directly affect the waterfront -- the port's own plans for developing its area, the down-sizing and contracting of Poland's largest commercial fishing operation at the Dalmor pier on the central waterfront, several different plans to develop free trade zones, the proposed World Trade Center, a joint effort of the City of Gdynia and Dalmor S.A., the decision, as yet pending, as to where to locate the ferry terminal and the underlying issues of the port and the City, respectively, of how to respond to cargo and passenger handling, uncertainties regarding re-use and redevelopment of unused or under utilized areas and buildings of the port, central waterfront, and transitional area between the port and the City center, and concerns regarding

small business development and its place within the waterfront area -- and the potential impacts they may have on each other.

As action on the waterfront proceeds, it will be increasingly useful to have some kind of common goal framework, whatever it finally includes, to provide a guiding vision for future development. The suggested development possibilities outlined later in this report are considered with these goals in mind, but note that the goals are proposed only as a starting point.

1. Link waterfront renewal and improvement to economic development;

2. Provide, secure, and promote improved and expanded public access and recreation;

3. Enhance the waterfront as an attractive center for both business and local public use;

4. Sustain and promote the working waterfront;

5. Restore and improve environmental quality, including water quality.

B. A Suggested Development Concept For Gdynia's Central Waterfront

Several ideas, concerns, and priorities have been previously identified by City representatives and staff and other interested persons. These relate to present and future waterfront users, the kinds of economically viable and socially desirable activities that might be promoted, and maximizing the utility of available and potential investment in the waterfront. One important need is a coherent concept or approach to improvement of the central waterfront that recognizes these concerns within the context of the goals outlined above. Such an approach will aid in later detailed analysis of the desirability and feasibility of various development alternatives.

First, three main user groups must be served:

1. The public (local and regional residents);

2. Business (and government) interests, especially those that require a waterfront, and even specifically a shoreline location; and

3. Tourists. Each group has different, but also some similar, needs and preferences for facilities, space, and access. The previous ICMA consultant trips identified issues relating to these principal groups.

With respect to the local public, for example, the central waterfront is not considered by many as a most desirable place for recreational activity; rather, many City residents frequent the nearby Kaszubi lake area. At the same time, the City center is adjacent to the central waterfront, and the City has identified as a concern how to strengthen the links between these two areas, both economically and in terms of public use.

The most important group from the economic development standpoint, however, is comprised of various business interests, for whom a waterfront location may be desirable, of not essential, and whose interests could benefit from an enhanced and revitalized central waterfront.

Gdynia is not likely to become a major tourist destination. It may, however, be able to cater to more specialized business-related tourism, or to some extent tourists interested in the broader Gdynia/Gdansk/Kaszubi region.

Second, the immediate waterfront shoreline should be reserved for shoreline-dependent economic activities and public use and access. Opportunities exist to regain the neglected waterfront for the City's citizens and visitors alike. This is a major concern of the City. Some of these opportunities may only be realized over the long term. Those areas of the central waterfront not capable of being developed in the near term should be reserved so that those opportunities for public and visitor-serving recreational and related uses will not be lost. In addition, visitor-serving (tourist- and business client-serving) commercial facilities like hotels, that can capitalize on a waterfront location, can be within the waterfront area close to the shoreline, but need not be directly on it. Public promenades, on the one hand, and maritime uses, on the other, do require shoreline sites.

Third, mixed or multiple use economic development on the waterfront can provide enhanced benefits not always achievable from more limited development. Properly designed, certain waterfront activities can complement each other. As examples, the proposed Free Trade Zone, World Trade Center, and recreational uses in the Skwer Kosciuszki area can complement each other. Redevelopment of disused railway yard area for new industrial uses as well as business services serving the port and industrial areas in the transitional zone can provide mutual benefits. This area could also absorb some new housing development closest to the presently built-up city area. A popular attraction for tourists in some cities is the "working waterfront" character of the commercial fishing industry. Such activity does not presently exist to any degree in Gdynia, as deep sea fishing and processing constitutes the primary activity, nor is it likely to exist in Gdynia except over the long term, if the focus of commercial fishing activity shifts toward smaller scale, Baltic-oriented, land-based fishing as distinguished from the current deep-sea, factory ship-based operations. Such possibilities should be kept in mind in planning for near term development of the central waterfront in the Dalmor pier area.

Similarly, both business and tourist visitors, as well as local residents, can use certain waterfront retail and commercial facilities, thereby enhancing their market feasibility. Revitalizing a region's maritime heritage can be enhanced through joining of recreational and educational facilities and access on the waterfront. Opportunities exist for complementary commercial recreational development in the Skwer Kosciuszki area that could benefit both local residents and users of the proposed nearby World Trade Center. The economic feasibility of some developments may depend, in fact, on their attractiveness to a broad market spectrum of users.

Fourth, especially in difficult economic circumstances or times of transition, spatial concentration of waterfront development investment (taking into account design, circulation, and

other physical conditions) can maximize economic viability of individual uses through mutual reinforcement of users and investment programs, economies of scale of development, and more cost-effective use of public sector resources. Although Gdynia's waterfront has many problems and opportunities, priorities for focused action must be determined and resources brought to bear on them first.

Fifth, in a situation like that of Gdynia, the proximity of the City center to the waterfront calls for strengthening the physical and economic links between the areas, which can complement one another rather than be competitive. Maintaining physical and visual access to the water are essential.

C. Waterfront Development Alternatives

This discussion is related to the six areas of concern identified in the July ICMA consultant report.

1. Placement Of The Ferry Terminal

At least three locations have been proposed for the ferry terminal. While the site at the old railway station and passenger ship terminal appears to serve both the City's need for passenger access to the City center and the port's need for efficient ferry cargo handling -- assuming that improved road access to the site is proved as a pre-condition --, detailed cost/benefit analyses are needed for all alternative sites before a final decision should be made. Ability to obtain necessary planning, design, and construction funding for this vital improvement from national and international sources will be enhanced by a cooperative, joint effort by the port, City, and concerned elements of the private sector. Proponents of such central waterfront projects as the World Trade Center and the Free Trade Zone should participate in such efforts, as improved access to and through this whole area will directly benefit these activities.

Such a cooperative effort might most quickly and effectively get started by concentrating on completing the Trasa Kwiatkowskiego road bridge to the port through organizing a funding consortium, as there seems to be general agreement on the immediate importance of completing this project. In addition, ability to obtain future World Bank funding for other waterfront projects will in all likelihood be contingent upon completing this project first. The organizing and coordinating experience can then be directed to the ferry terminal issue.

2. Relationship Between World Trade Center And Nearby Activities

The proposed World Trade Center, because of its relatively advanced status, bears particular attention. This mixed use development calls for conference and business center facilities, a hotel, retail and other uses on an approximately 48 hectare site controlled by the City and Dalmor S. A. adjacent to Skwer Kosciuszki. This development, if it proceeds, could provide a valuable stimulus to other development in the central waterfront area. The Center is planned, apparently, as a self-contained development that will have some measure of public access.

Regarding physical design, it should provide continuous public access along the shoreline to link to Skwer Kosciuszki. Because the Center is likely to benefit from other publicly stimulated developments in the area, it should adopt the role of, and should be seen by the City as, a potential partner in some of these other developments. For example, adjacent recreational (public and commercial) facilities could serve Center users and clients. A City all-weather recreational center located in the area (for example, at Cricoland or at the redeveloped museum area adjacent to the theater), and catering to City residents as well as Center users (on a guest preference basis), could be viewed as a reasonable activity for Center investors to consider supporting, and the City to promote, if not require. Development of night-time commercial recreational business (perhaps in the redeveloped museum area) could also serve Center users, and thus receive at least some measure of investment support.

3. Alternative Uses on Central Pier

The central pier and adjacent area are the heart of the central waterfront. The pier provides a visual and activity focus for residents and visitors alike. It is the end of the visual and circulation link from the central waterfront, including the future World Trade Center, to the downtown area. Over the long term, preservation of pier open space and the visual link to downtown is very important. However, several sites capable of beneficial development exist in the area, including the pier itself. On the pier, one such use could be a Baltic marine educational and recreational center, aimed at reaching Gdynia residents and visitors. With the potential financial collaboration of such partners as the aquarium, naval maritime school, Dalmor S. A., the City, and regional academic institutions (as well as outside funding), such a facility could be a new attraction that would also enhance existing facilities. A new seafood restaurant, either on the pier or nearby onshore, could serve visitors to the area while providing revenue to the City. The existing historic ships, yachting, and other facilities could best remain in place for the time being; the need to focus scarce financial resources and attention on other, new, revenue-creating development should be considered top priority.

4. Temporary Structures for Summer Months

Gdynia has a very short summer season. Organization and promotion of festivals and other special events besides the major sailing festival should be considered as a means of generating increased interest on the part of visitors and investors in Gdynia as a recreational and business destination. Investment in temporary structures should be linked to such special events; again, the need to focus funding and civic energy on top priority concerns should remain uppermost.

5. Upgrade or Replace Some Existing Attractions

The vast open area in front of the pier including the park and Cricoland is larger than necessary for all but the rare special large-scale gathering. In view of Gdynia's rigorous climate, a more active use of the area seems reasonable. Some measure of recreational and tourist-serving development could be provided that would help to revitalize the central waterfront area while retaining adequate public access and open space.

For example, an all-weather community recreation center could be located on the Cricoland site, that would serve both Gdynia residents and visitors, including tourists and users of the World Trade Center. Preliminary studies have been done by the City for a recreational facility for the Polanka Redlowska site. For the central waterfront, such a center would host a variety of activities including a swimming pool, ice skating, and other athletic facilities, and moderate cost eating establishments. An outdoor promenade or plaza, facing the water and connecting to the pier and the, would insure public access along this part of the central shoreline. Recreation center costs to users might be at least partially reduced by establishing partnerships with the World Trade Center (whose users and clients could use the facility on a preferential basis) and the school system (which could use the facilities for school athletic programs on a scheduled basis), and by offering memberships on an individual and group (or business) basis. Cricoland could be re-located to a less valuable inland location.

On the parking lot next to the Orbis Hotel Gdynia or at another nearby location, another hotel could be developed to serve visitors beyond those handled by the proposed World Trade Center hotel. Such a location would not conflict with either public access to the pier and shoreline, nor would it obstruct views of the sea or eliminate public open space closer to the shore.

New commercial and recreational facilities, including restaurants, clubs, and specialized retail shopping, could be developed in front of the existing Orbis hotel and in a redeveloped area by the existing naval museum just east of the sailboat basin, north of the theater. The naval facilities could be relocated elsewhere in the area.

6. Development Potential of Polanka Redlowska

Development of this site should be deferred for the near future so that organizational and financial efforts can be concentrated on the highest priority areas and concerns. This site should, in any case, be reserved for less intensive recreational and natural open space use. Its location near the water, relatively sheltered, but not far from and with direct access to the central waterfront and the rest of the built-up City area, make this use preferable. However, the timing of various waterfront developments is an important factor. Of primary importance in the short term is the focusing of energy and financial resources on those projects with the greatest and most immediate return to the City, and which also will have the widest impact on other needed development.

7. Passenger ferry terminal.

There are at least three, if not four, different sites under consideration for a terminal. The port favors a site directly across from the container terminal. It is ultimately an investment to be made by the port. Proponents of a site closer to downtown cite the tourism potential, with some justification, while the port administration notes that cargo dominates, in terms of revenue and overall volume, with equal justification. An informed decision requires a feasibility study of the three sites, with costs identified.

V. PRE-CONDITIONS FOR NEXT STEPS AND EFFECTIVE PROGRESS

Much positive activity is presently underway, both in the public and private sectors, that will directly and indirectly affect the central waterfront and port and industrial area. This activity is occurring under extraordinary conditions of change, institutional re-structuring, and uncertainty. At this time, however, several pre-conditions for effective progress seem essential. Possibilities exist for at least some outside assistance to help in achieving these conditions.

A. More overt and clearly defined City leadership

The first phase of planning and analysis for both the downtown waterfront and industrial area is nearly completed by the local consultants. Consultants are performing a staff function. Now is the time for the Gdynia administration to start evaluating options and ways to implement initiatives. Even though much of the waterfront area is not directly controlled by the City (a lot of acreage is in the hands of the port, private concerns like the shipyard and the commercial fishing company, and the national government), the City leadership can exert considerable influence over what happens on these lands, as well as on those it does control. Now, when many critical decisions will be made as to the nature and extent of future development, the City's development outlook should be more in evidence.

Clearly, some of the issues discussed here are greater priorities than others. The completion of Trasa Kwiatkowskiego, for example, is a basic infrastructure investment that is long overdue. Others, such as the provision of improved roads between the port area and downtown, require much more technical work and financial planning by the City and Port. The work of choosing industrial and waterfront development strategies has to be shared with staff, Gdynia City leadership, the Gdynia Port, significant firms and property owners, and other constituencies.

B. Formation of a group representing the major public and private interests in the port/industrial/waterfront area

Increased coordination between the City, the port, the regional and national governments, the private sector, other concerned sectors and institutions, and the broader Gdynia community is necessary to share information, review plans, develop financing and implementation strategies and priorities, and resolve issues as they arise. Such a group might initially be informal, and later become more formal in structure. The establishment of such a forum around specific development issues would make a more persuasive block, or lobby, for national or foreign funds, than any single entity. Backed by technical analyses of costs, benefits, financing options, and other necessary information needed for specific development decisions, such an industrial/port/waterfront implementation group could have an immediate beneficial impact on development choices and resource allocation. The City should explore potential additional assistance in organizing this group.

In the longer term, creation of a more formal structure or organization with specific responsibility for waterfront development may be the most effective method of insuring adequate

direction and guidance of development; this could take the form of a redevelopment authority, or non-profit economic development authority. (It may also suggest a local model for the pending port authority legislation on the national level). Many of the functions carried out by redevelopment authorities, joint powers agreements, public benefit corporations, and other such institutions in other contexts will ultimately need to be executed by some entity. Study is needed now as to what arrangement would be most appropriate, effective, and feasible to address Gdynia's waterfront, industrial, and infrastructure development needs.

C. Adequate City staff support and coordination between concerned City departments

Such support and coordination is needed of City leadership, to carry out needed technical studies, guide consultant work on such studies, and ultimately, implement programs and initiatives. This is always a difficult challenge, but the importance of this overall effort for the City's longer term economic health warrants at least some measure of increased attention through enhanced staff allocations. Adequate staffing is critical, for without it, meetings will not be regularly scheduled, agendas not clearly set, and necessary background work needed to make decisions, not prepared.

D. Additional implementation analyses and studies are needed for many elements of the overall development picture

These analyses and studies should be conducted before critical decisions on development alternatives, priorities, phasing, and financial participation can be made. Many of these are listed in the next and final section, which suggests areas of future technical assistance and cooperation. The formidable array of technical work and coordination will of course require financial resources itself. ICMA/AID, and possibly other outside sources, may be able to provide at least some additional assistance, both directly and in support of attempts to gain other funds, to help cover costs of some of the most urgently needed technical studies and related activities. The extent to which such assistance may be available to support next steps will depend on the degree to which the pre-conditions referred to above are achieved.

VI. POTENTIAL AREAS OF TECHNICAL ASSISTANCE

In addition to the recommendations discussed in the previous section, a continuing ICMA/AID program is dependent on everyone's ability to agree upon a limited number of concrete projects in the industrial/port/waterfront area, and substantively coordinate local and US consultants' work with that of the City. Further technical assistance might be a blend of work done on the local level by experts in appropriate fields, and by US visiting consultants, and if possible, include training of City staff in specific professional areas. Potential areas of technical assistance include:

A. Organizational Assistance

Technical assistance/staffing offered in the organizing of the public/private group discussed throughout this report. Gdynia must take the initiative in assembling the committee. Beyond the short-term challenge of organizing and staffing a committee, alternative development organizational models (public benefit corporation, redevelopment authority, joint powers agreement, etc.), could be explored for their suitability.

Investigations of potential public and private sector financing sources and mechanisms, domestic, international, and joint venture. A number of sources exist, such as tax increment, lease purchase, revenue bonds, one-time fees and charges, specially earmarked revenues, revolving loan funds, negotiated developer payment requirements, and private joint venture capital. Both long term and short term efforts are needed here, e. g., analysis of the potential for municipal, industrial development, revenue, or general obligation bonds is probably a long term activity with respect to eventual use, although such analysis should not be ignored. More immediate results could come from investigation of the potential use of development loan guarantee instruments and matching fund arrangements, especially through international agreements.

Technical assistance in establishing a set of creative, coherent mechanisms at the City government level in administering new land use and zoning regulations. We would suggest a team of local staff and consultants, an imaginative attorney, and participation of the US visiting consultants.

B. Transition Area

Feasibility, site acquisition, site rehabilitation, revenue generation, and market analyses of potential for locating, attracting, and arranging for small business development within the area between the central waterfront and the port.

Financial analysis of the operating and capital costs of retaining the Handlomor facility in public hands and operating as a business incubator.

Preparation of basic design options and costs for improving road access from downtown to this area and for the re-construction of Polska Street; estimate the cost of train track removal (and

with the Gdynia Port determine which are not used), and identify any necessary acquisition and clearance costs in opening the area for broader development.

C. Passenger Ferry Terminal Placement

Fund a feasibility study of the three sites proposed for use as the passenger ferry terminal.

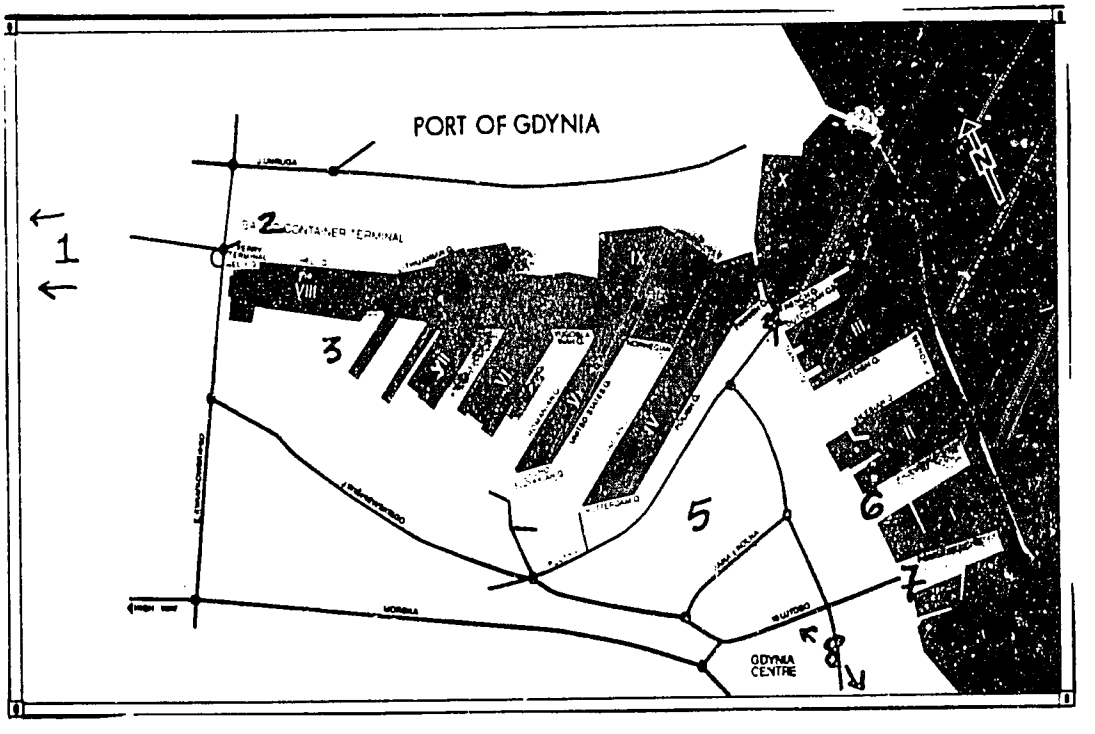
D. Central Waterfront

Market feasibility analyses, including revenue generation and development costs, and site acquisition studies for commercial, visitor-serving, and public uses in the pier and immediate central waterfront area. Studies of possible waterfront-related public events and promotional activities should be conducted.

E. Industrial Area

Further explore industrial land development in the general area of Hutnicza: estimates and basic options for road access to agricultural lots; site improvement costs for specific properties; costs of upgrading or re-locating the residential areas; alternative sites for garden areas, and identification of potential industrial park sites.

MAP OF GDYNIA PORT/INDUSTRIAL/DOWNTOWN WATERFRONT



LEGEND

1. INDUSTRIAL AREA (including Hutnicza corridor)
2. PORT OF GDYNIA CONTAINER TERMINAL
3. GDYNIA SHIPYARD
4. OLD PASSENGER TERMINAL/ PORT OF GDYNIA CARGO PIERS
5. TRANSITION AREA
6. DALMOR PIER
7. SKWER KOSCIUSZKI/CENTRAL PIER
8. DOWNTOWN/RETAIL AREA