

**PILOT LOCAL
GOVERNMENT
PARTNERSHIP PROGRAM**

**BIELSKO-BIALA
ENTERPRISE
RESTRUCTURING
FINANCIAL ANALYSIS OF
THE TOWN CLEANING
COMPANY (ZOM)
AND THE BUS TRANSPORT
COMPANY (MZK)**

Prepared for



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BIELSKO-BIALA ENTERPRISE RESTRUCTURING FINANCIAL ANALYSIS OF THE TOWN CLEANING COMPANY (ZOM) AND THE BUS TRANSPORT COMPANY (MZK)

I. Executive Summary

Introduction

Under the Pilot Local Government Partnership Program (Pilot LGPP), USAID has been providing assistance to Bielsko-Biala in strengthening two of its municipal service enterprises - the town cleaning company (ZOM) and the bus transport company (MZK). In a retreat workshop held in January, gmina officials and enterprise representatives developed a strategy and implementation plan for restructuring the enterprises as joint stock companies. The implementation plan called for a financial analysis to assist the Executive Board of the gmina in its consideration of the recommended restructuring. The Executive Board appointed a task force to work with the Pilot LGPP team during March in preparing this financial analysis. A list of the members of the gmina task is included in this report as Annex A.

Goals of proposed enterprise restructuring

The gmina task force and the Pilot LGPP team identified the following goals for restructuring of enterprises:

- Reducing the burden on the gmina budget of the enterprises.
- Maintaining reasonable prices for services.
- Maintaining or improving the quality of service.
- Allowing the enterprises to be healthy and financial viable.
- Experiencing no drastic reduction in work force and no interruption of service.

Financial analysis

Financial results for each enterprise were projected under two scenarios for each enterprise so that projected requirements on the gmina budget could be compared. The first scenario assumes no major changes in the way the enterprise is operated and the way capital investments are funded. The second scenario for each enterprise assumes restructuring to joint stock companies and corresponding changes in the way capital investments are funded, the way operating subsidies are provided by the gmina (to MZK) or operating surpluses utilized (for ZOM), and the application of different income tax provisions. No change in operating efficiencies or income from new sources of revenues is factored into the second scenario for each enterprise.

Results

For ZOM, considerable capital investment is required in 1998 through 2000 to replace the outdated fleet of vehicles. ZOM's surplus from operations steadily increases over the projection period, due to price increases and improved efficiencies as vehicles are replaced. The first scenario projects that requirements on the gmina budget are at the highest level in 1998, a net 3.8 million (uninflated values). The gmina must provide subsidies to ZOM through 2004, when the annual operating surplus reaches a level where the enterprise could fund capital investments from internally generated funds.

Under the second scenario, investment of approximately 6 million in the capital stock of ZOM will be required by the gmina or some other strategic investor during 1998 through 2000 in order to establish the company on a strong basis. The cash flow of the enterprise will not be sufficient to support debt service in these early years. After 2000, ZOM will be able to finance capital investments through a combination of borrowing and use of cash reserves and internally generated funds. Requirements on the gmina budget under each of these two scenarios is presented in Exhibit Ia.

For MZK, the results are different. Capital investment is fairly constant over the ten year projection period. However, the required operating subsidy increases from approximately 6 million in 1997 to 10 million in 2000 (uninflated values), primarily due to increases in gas prices to Western European levels. After 2000, the operating subsidy remains fairly constant.

In the second scenario, the financial picture for both MZK and the gmina is virtually the same as in the first scenario. Tax benefits resulting from an increase in deductible depreciation expense are offset by the increase in taxable income from gmina operating subsidies to tickets. The gmina may be able to reduce its investment subsidy by finding other investors to purchase stock in MZK during the next several years. Further, if a restructured MZK finds ways to increase efficiencies or increase revenues from new markets and services not subsidized by the gmina, requirements on the gmina could be reduced. Requirements on the gmina budget for MZK under these two scenarios is shown as Exhibit Ib.

Next steps

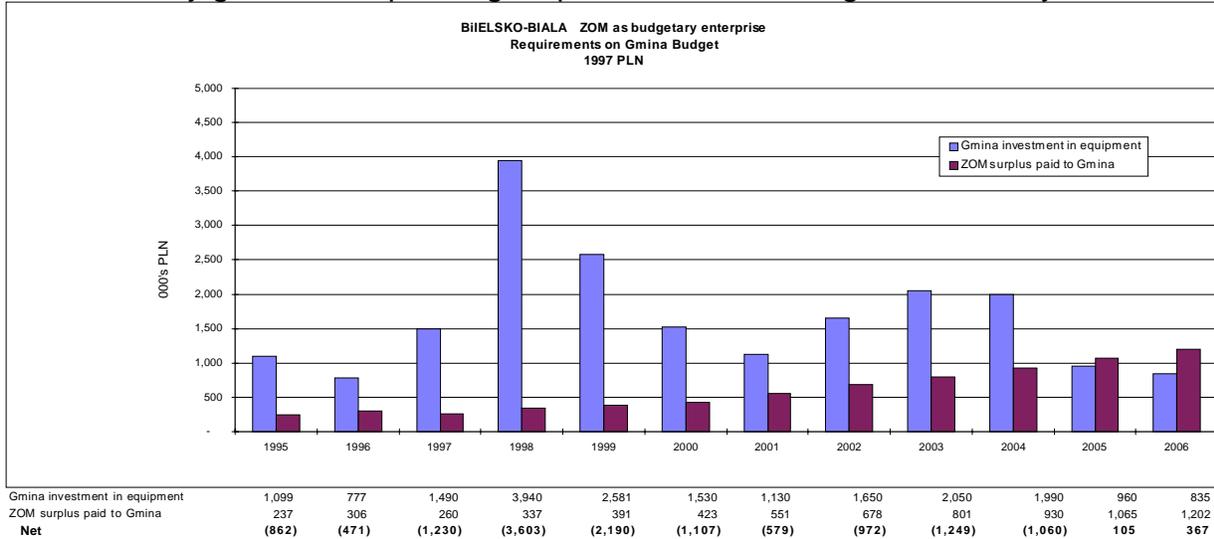
Mayor Krawczyk is to present the results of the financial analysis to the gmina Executive Board by the end of July and to the Council in September. Based on financial and other considerations, the Council will decide whether each of the enterprises should be restructured. If the decision is made to proceed with restructuring, next steps will be taken according to the implementation plan(s) developed during the January workshop/retreats (Annex B and C).

This report

Section II of this report describes the financial analyses and the process by which they were developed. The ZOM analysis is presented in Section III and the MZK analysis is presented in Section IV.

Exhibit I a. ZOM requirements on the gmina budget under two scenarios

Scenario 1 - ZOM remains a budgetary enterprise, with continued funding of capital investment by gmina and operating surplus returned to the gmina annually



Scenario 2 - ZOM is restructured as a joint stock company. The gmina invests in the capital stock of the company and ZOM funds capital investments from its own funds and through borrowing.

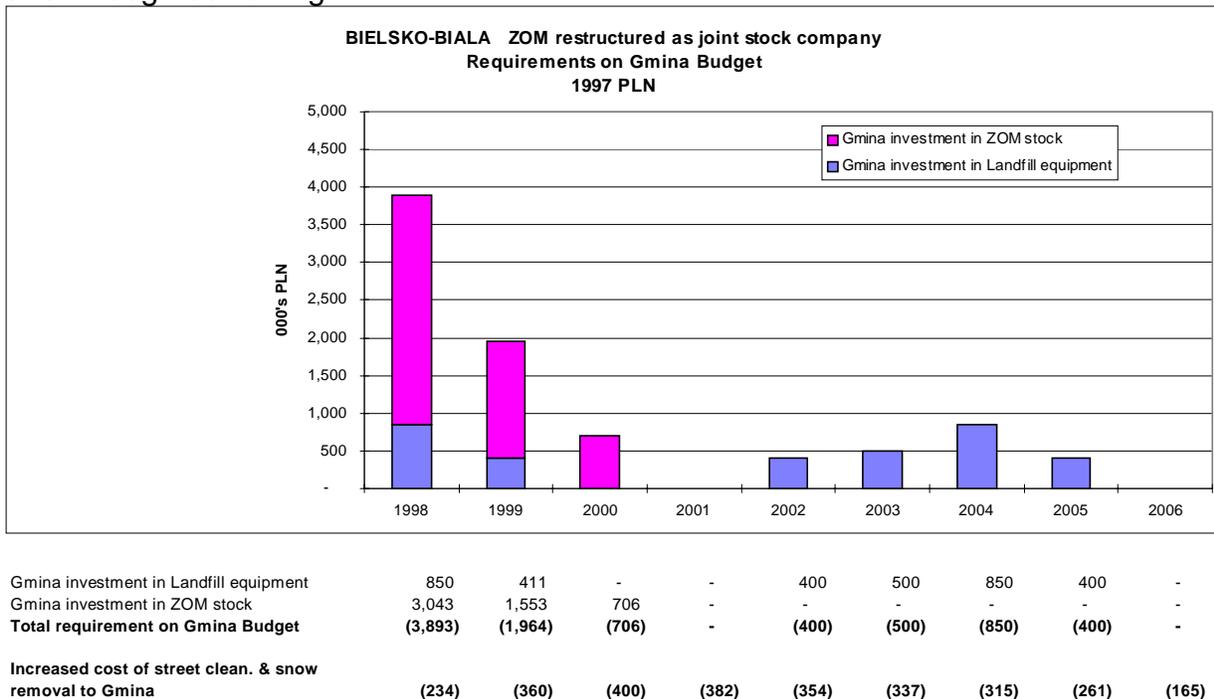
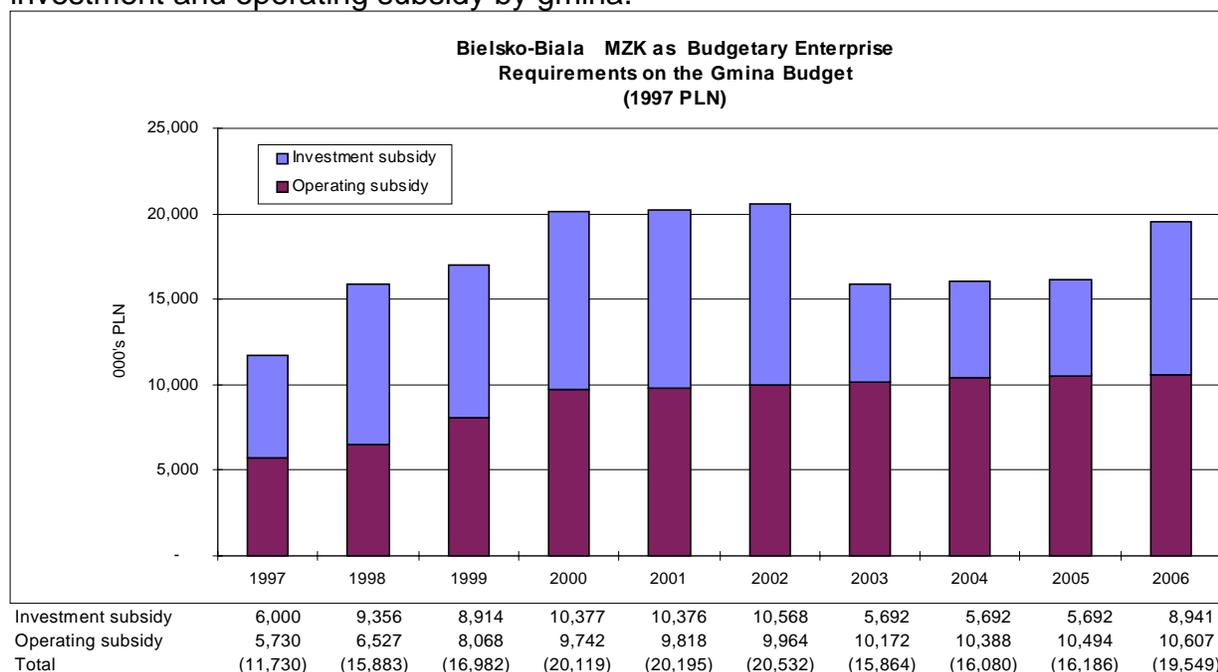
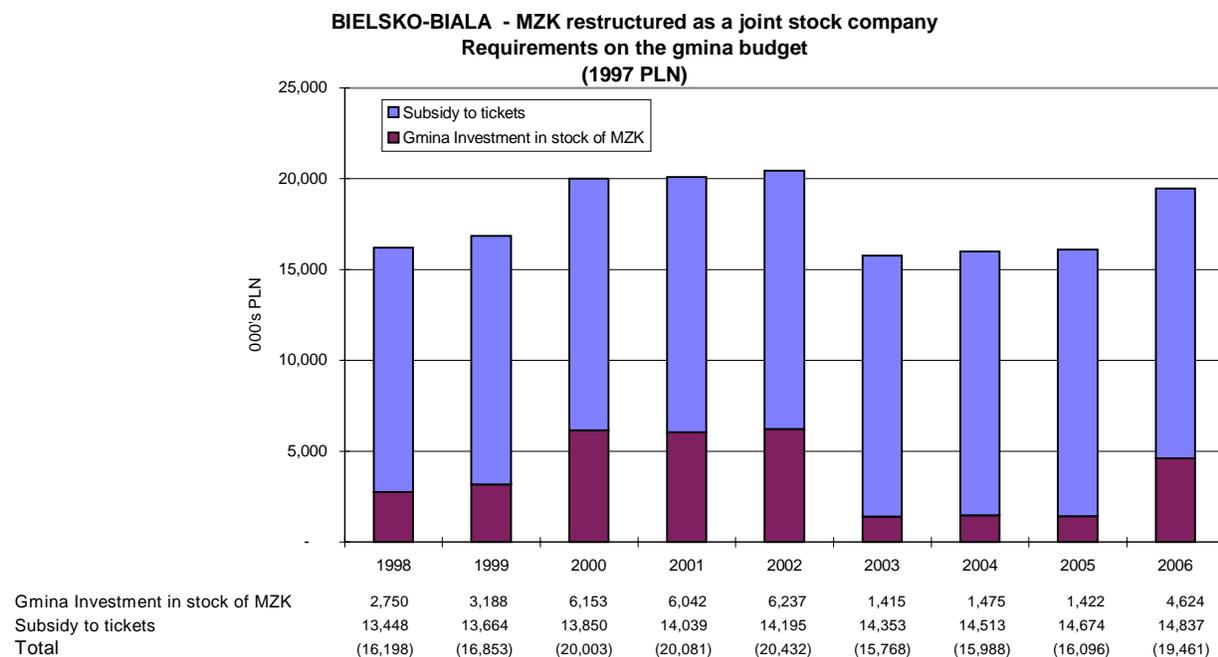


Exhibit I b. MZK requirements on the gmina budget under two scenarios

Scenario 1 - MZK remains a budgetary enterprise, with continued funding of capital investment and operating subsidy by gmina.



Scenario 2 - MZK is restructured as a joint stock company. The gmina pays MZK for the difference between full fare and the amount paid for tickets and passes by subsidized riders. In addition, the gmina invests in the capital stock of the company to provide funds for capital investment.



II. Description of financial and analysis and process

Work with the Gmina task force

The first meeting of the task force was held on March 7. The gmina's goals for its municipal services enterprises were discussed, as well as the methodology and assumptions to be used in the financial analysis. In a second meeting on March 24, preliminary results of the first scenario developed for both ZOM and MZK were presented and discussed. In the final meeting of the task force on April 9th, final results of both scenarios were presented.

It was decided that projections under two scenarios would be developed for each enterprise. The first assumes the enterprises continue to operate as budgetary enterprises with no major changes in operations. For both MZK and ZOM, the gmina currently subsidizes all capital investments. In addition, MZK receives an operating subsidy. ZOM generates a small surplus from operations and returns this to the gmina budget each year. Major assumptions for each enterprise are described in sections III and IV.

The second scenario utilizes the same assumptions for revenues, expenses and capital investment, but assumes that the enterprises have been restructured and operate as joint stock companies. The key differences between the two scenarios are (1) the means by which capital investments are funded, (2) differences in depreciation deductions for tax purposes, (3) the means by which the gmina is charged for services rendered by the enterprises. Efficiencies in operations which may result from an increase in operating and financial autonomy have not been factored into the second scenario. Therefore, it is expected that profits and cash flows of the restructured enterprises would be better than depicted.

Work with the enterprises

Pilot LGPP advisors worked primarily with personnel of the enterprises in:

- gathering two years of historical financial information and one year of budgeted revenues, expenses and capital spending to use as a basis for projections,
- presenting the data by revenue and cost center,
- developing assumptions to project prices, volumes, number of employees and expenses for the next ten years,
- developing a schedule of capital investments to match planned revenues and expenses,
- developing schedules of financing for capital investments,
- measuring and depicting the financial burden on the gmina of the enterprises under two different scenarios:
 - assuming the enterprises continue to operate as budgetary enterprises with capital investments subsidized by the gmina and
 - assuming the enterprises are restructured as stock companies and more toward financial self-sufficiency.

- reviewing detailed schedules from the financial model and performing “what if” analysis to see the impact of various assumptions on financial results and profitability.

Enterprise Financial Condition Model

The Pilot LGPP team developed an Enterprise Financial Condition Model to apply to the financial analyses of ZOM and MZK. This model has been designed to provide top-level information in a consistent format, allowing for variation in supporting detail from enterprise to enterprise. The top-level information generated by the model includes:

- a graph showing the investment required by the gmina over the projection period
- a graph showing the shortfall or surplus generated by enterprise operations
- a table of key indicators and major assumptions

The following financial statements are developed in the model to support this top-level information and are consistent from enterprise to enterprise:

- Statement of cash flow
- Balance sheet
- Income statement

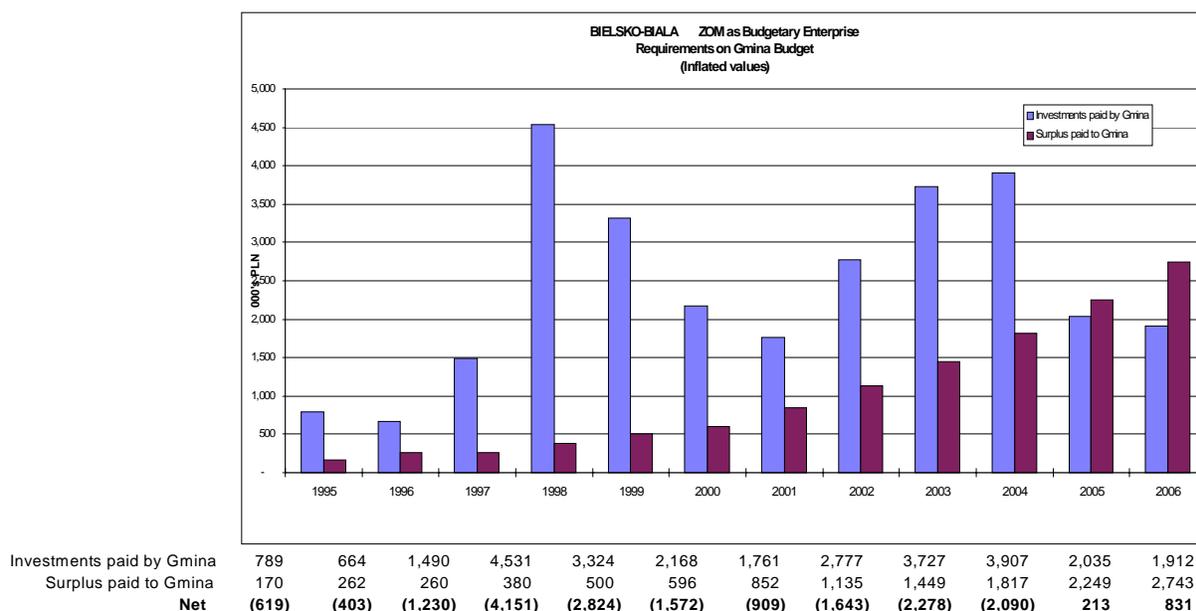
Supporting schedules vary depending on the type of enterprise and include:

- Schedule of revenues by activity
- Schedule of operating expenses by activity
- Schedule of capital investment by activity
- Schedule of financing

III. ZOM

First scenario

The first scenario presents a projection for ZOM assuming it continues to operate as a budgetary enterprise. In 1997 the gmina budget calls for providing an investment subsidy to ZOM of 1.5 million zloty and ZOM is projected to return its cash surplus of 260,000 zloty to the gmina budget (168,000 from 1997 operations and the remainder owed from prior years). Assuming ZOM continues to operate as it has in the past, projected cash requirements on the gmina budget are shown in Exhibit III a.



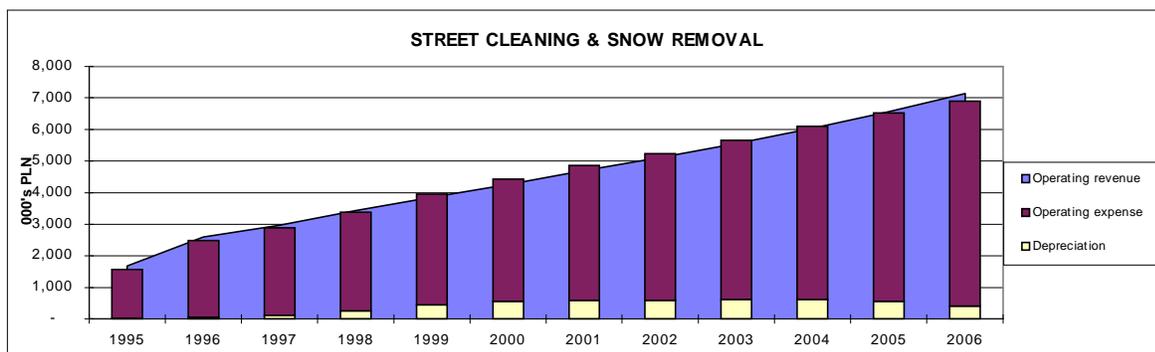
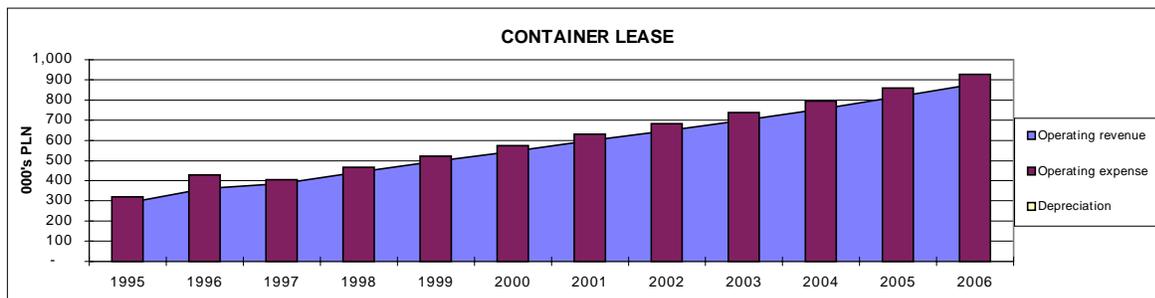
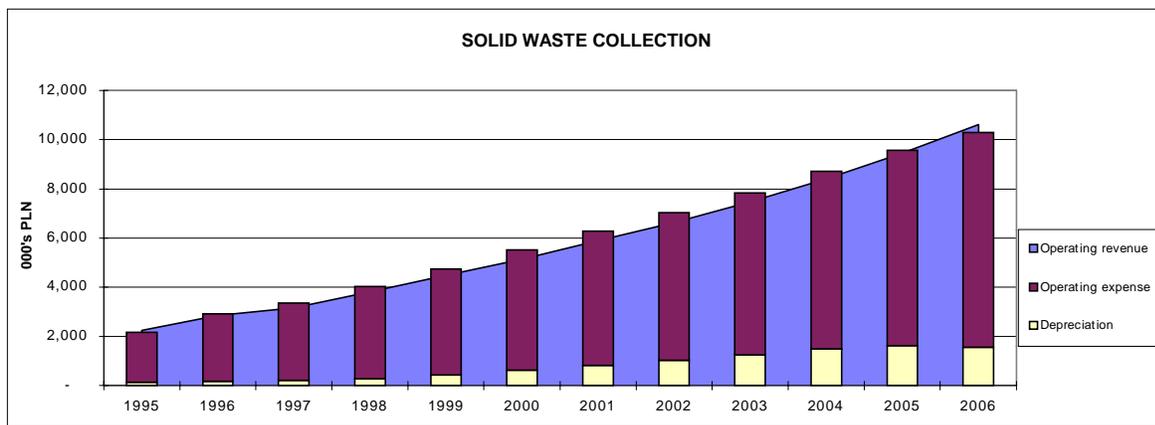
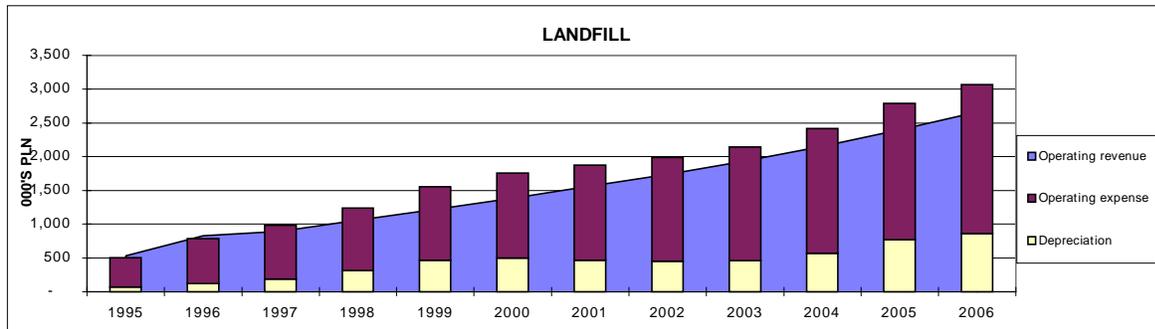
Under this scenario, net cash requirements on the gmina budget will be at the highest level in 1998 and will gradually decline until ZOM's cash generated by operations exceeds investment needs beginning in 2005.

Key performance indicators are shown in Exhibit III b below:

ZOM - Performance Indicators												
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Ratio of operating expense to operating revenues	92%	94%	97%	95%	94%	94%	93%	91%	90%	89%	88%	87%
Number of employees	161	165	171	171	171	171	171	171	171	171	171	171
Revenue per employee (000's PLN)	31	41	44	52	59	67	75	83	92	102	113	126
Tonnes of solid waste accepted at the landfill	N/A	93,780	96,593	99,491	102,476	105,550	108,717	111,978	115,338	118,798	122,362	126,032
Number of landfill workers	11	11	11	11	11	11	11	11	11	11	11	11
Tonnes per landfill worker	N/A	8,284	8,533	8,789	9,053	9,324	9,604	9,892	10,189	10,494	10,809	11,134
Cubic meters of solid waste collected	303,448	327,209	337,025	347,136	357,550	368,277	379,325	390,705	402,426	414,499	426,934	439,742
Number of solid waste collection workers	80	80	80	80	80	80	80	80	80	80	80	80
Cubic meters collected per worker	3,799	4,066	4,188	4,314	4,443	4,577	4,714	4,855	5,001	5,151	5,305	5,465
No. of solid waste collection vehicles in service	31	33	33	33	33	33	33	33	33	33	33	33
Cubic meters collected per vehicle	9,789	9,915	10,213	10,519	10,835	11,160	11,495	11,840	12,195	12,561	12,937	13,326

Exhibit III c below shows the extent to which operating revenues cover operating expenses and depreciation for each of ZOM's four major revenue producing activities.

BIELSKO-BIALA ZOM
Exhibit III c. Operating revenues and costs by activity



Major assumptions used in the first scenario are described below.

Capital investment

In recent years capital investment for ZOM vehicles has been deferred so that most vehicles in the fleet are now over ten years old. The expected useful life of vehicles is approximately eight years. Deferral of investment has several undesirable consequences: (1) repair and maintenance expense is higher, (2) the use of outdated technology impairs efficiency in operations, and (3) there is a greater risk of service interruptions. The projection calls for replacing outdated vehicles over the next several years and then adopting a policy of replacing vehicles as they reach the end of their expected useful lives. Savings in repair and maintenance expense are factored in as the average age of the fleet decreases. In addition, it is assumed that with newer vehicles and newer technology, increased volume of waste can be handled without increasing the number of vehicles or the number of employees as shown in Exhibit III b.

Volume of solid waste

The volume of solid waste handled by ZOM is projected to increase by 3 percent per year, even though no change is projected in the number of customers. This is the result of an increase in the volume of waste expected to be generated by households and businesses as customers become more affluent and the use of throw-away packaging becomes more widespread.

Operating revenues

Landfill prices are projected to increase with inflation. Prices for solid waste collection are projected to increase by 115 percent of inflation, the increase needed to keep pace with rising gas prices.

Revenues received for street cleaning and snow removal services provided to the gmina are based on the formula currently applied, a ten percent markup over operating expenses.

Revenues from other activities, including closing unauthorized dumps and cleaning up hazardous sites for the gmina as well as providing transportation services using ZOM trucks, is projected to increase with inflation.

Operating expenses

No increase in the number of employees is projected. Salaries are projected to increase by 2.5 percent above the inflation rate. Related costs, including ZUS, bonuses and payments to the social fund, are projected to increase based upon salaries.

Repair and maintenance expenses is projected based upon the number of vehicles in service. Repair and maintenance cost per vehicle is projected to increase with

inflation. Repair and maintenance cost is projected to decrease by 20 percent in 1998 for vehicles used for landfill, street cleaning, snow removal and other activities, when many of these vehicles are replaced. Repair and maintenance expense of solid waste collection vehicles is projected to decrease by ten percent in 1998, 1999 and again in 2000 as fleet is replaced and the average age decreases.

Gas expense per vehicle in service is projected to increase by 30 percent per year through 2000, when prices reach Western European levels. After that, gas prices are projected to increase with inflation.

Materials and services expense for the landfill and collection activities are projected to increase with volume handled and inflation.

Other materials and services and all other operating expenses are projected to increase with inflation.

Second scenario

The second scenario presents a financial projection for ZOM as a restructured enterprise (a joint stock company) under the following assumptions:

- the gmina and/or strategic investors invest 3.5 million in ZOM stock in 1998, 2 million in 1999 and 1 million in 2000
- ZOM begins borrowing to fund capital investment in vehicles used for collection, street cleaning and snow removal in 2002
- the gmina continues to own the landfill and finance 100 percent of the capital investment in landfill equipment (Note: capital investment needed to expand and improve the landfill have not been considered in this analysis)
- all other capital investments are funded by ZOM's own funds.

Exhibit III d shows capital investments for each revenue producing activity and the means by which they are to be funded.

Revenue and expense assumptions remain the same under this scenario, with the following exceptions:

- as a joint stock company, ZOM will change the basis on which it charges the gmina for street cleaning and snow removal to include coverage of depreciation on vehicles. The increase in the cost of street cleaning and snow removal as a result of this change is shown at the bottom of Exhibit IIIe.
- A restructured ZOM will have to pay fees to the landfill for solid waste collected. This becomes a revenue to the landfill.

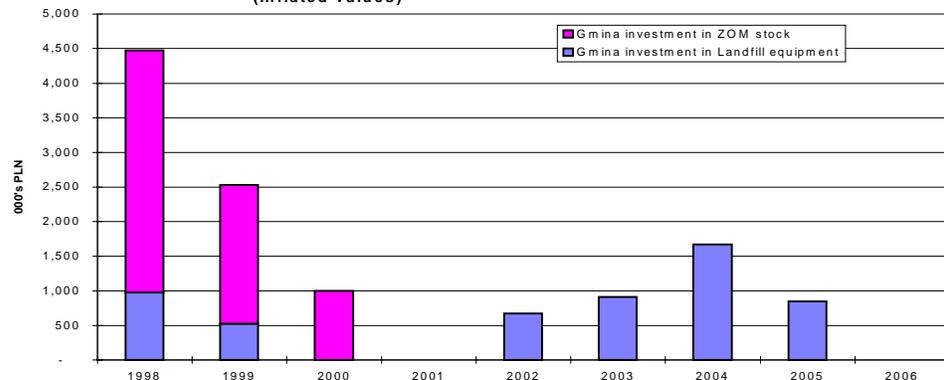
Exhibit III d

BIELSKO-BIALA ZOM RESTRUCTURED AS JOINT STOCK COMPANY PROJECTED CAPITAL INVESTMENTS AND SOURCES OF FINANCING 000'S PLN									
	1998	1999	2000	2001	2002	2003	2004	2005	2006
Assets purchased for:									
Landfill	978	529	-	-	673	909	1,669	848	-
Collection	909	1,352	1,488	1,527	1,902	2,327	1,728	933	1,122
Street cleaning	1,771	1,069	425	-	-	273	137	-	515
Snow removal									
Other revenue producing vehicles	460	-	-	-	-	-	137	-	-
Repair shops	230	258	142	62	67	73	79	85	92
Admin and overhead	184	116	113	171	135	145	157	170	183
TOTAL	4,531	3,324	2,168	1,761	2,777	3,727	3,907	2,035	1,912
Funded by:									
Borrowing	-	-	-	-	500	1,200	-	-	-
Gmina for landfill	978	529	-	-	673	909	1,669	848	-
From ZOM cash flow	54	795	1,168	1,761	1,604	1,618	2,238	1,187	1,912
Stock issuance	3,500	2,000	1,000	-	-	-	-	-	-
TOTAL	4,531	3,324	2,168	1,761	2,777	3,727	3,907	2,035	1,912

Under the second scenario, the burden on the gmina is lower than in the first scenario, as shown in Exhibit III e. If strategic investors besides the gmina purchase stock in the restructured ZOM during 1998 through 2000, the burden on the gmina could be even lower. After three years of significant investment in the stock of ZOM, payments from the gmina budget are reduced significantly. ZOM is able to fund most of its capital investments from its own funds and borrowing is not required until 2002. At this point, ZOM's internally generated cash flow is sufficient to cover debt service requirements. The gmina may still guarantee loans for ZOM so that better terms can be obtained.

Exhibit III e

**Bielsko-Biala ZOM restructured as joint stock company
Requirements on Gmina Budget
(Inflated values)**



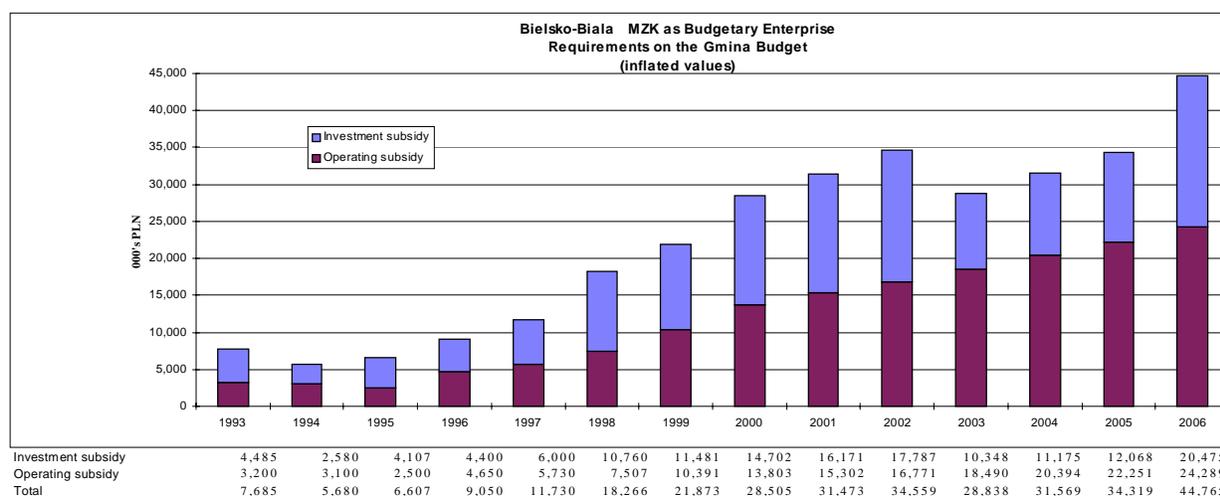
Gmina investment in Landfill equipment	978	529	-	-	673	909	1,669	848	-
Gmina investment in ZOM stock	3,500	2,000	1,000	-	-	-	-	-	-
Total requirement on Gmina Budget	(4,478)	(2,529)	(1,000)	-	(673)	(909)	(1,669)	(848)	-
Increased cost of street clean. & snow removal to Gmina	(269)	(464)	(567)	(596)	(596)	(613)	(618)	(553)	(377)

IV. MZK

First scenario

The first scenario presents a projection for MZK assuming it continues to operate as a budgetary enterprise. Projected requirements on the gmina budget under this scenario are shown in Exhibit IV a. The operating subsidy, which is budgeted to be 6 million in 1997, is projected to increase by approximately 30% through 2000 (due primarily to increasing gas prices) and then by roughly 10% per year thereafter.

The investment subsidy is projected to increase significantly as well after 1997 as shown in Exhibit IV a. MZK needs to replace roughly 10% of its fleet per year between now and 2002. For the remainder of the projection period, fewer buses are replaced each year.



Major assumptions in the first scenario are summarized in the following table and described below:

BIELSKO-BIALA MZK Major assumptions											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Projected rate of inflation	19%	17%	15%	12%	10%	10%	8%	8%	8%	8%	8%
Average price of a normal ticket	0.69	0.97	1.14	1.29	1.44	1.61	1.76	1.92	2.10	2.29	2.50
Rate of increase in prices		41%	17%	14%	12%	12%	9%	9%	9%	9%	9%
Number of buses	125	125	125	125	125	124	124	124	125	125	125
Buses purchased (replacements)		11	11	11	13	13	13	7	7	7	11
Number of workers	588	600	600	600	599	598	598	598	599	600	601

Capital investment

In recent years the gmina has invested in regular replacement of MZK buses and has funded capital investments in repair shops so that MZK currently operates with modern technology. This scenario assumes continuation of regular replacement of buses. The number of buses in service is based upon maintaining the same level of passengers per bus over the ten year period.

Price increases

In 1997 MZK ticket prices increased by 40%. During the projection period prices are projected to increase by 115% of inflation to keep pace with increasing gas prices

Ridership

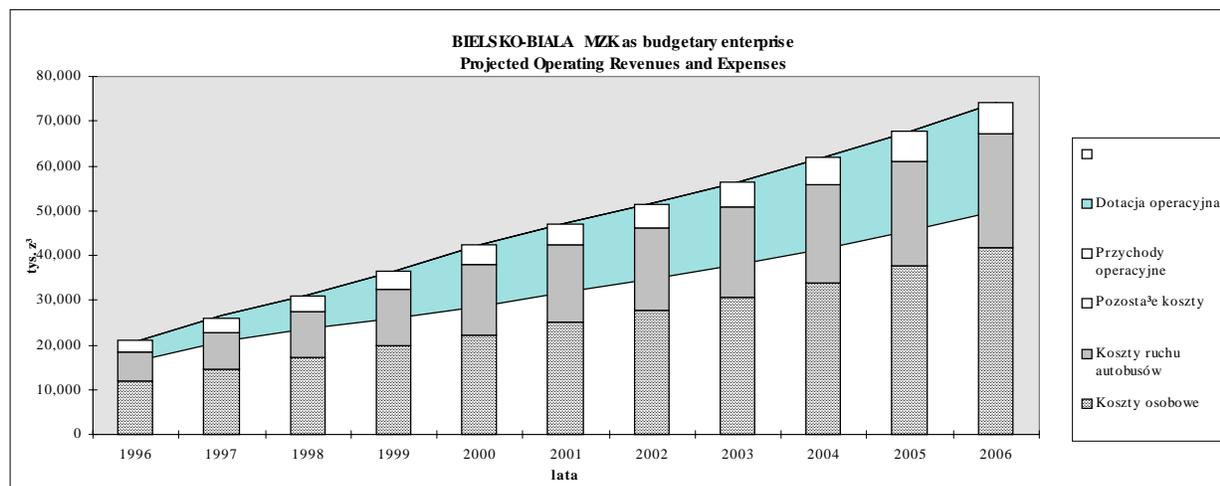
In recent years MZK's ridership has been decreasing due primarily to an increase in car ownership. Ridership is projected to continue the downward trend during the projection period. Most of the decrease is from full fare passengers who begin commuting by automobile.

Operating expenses

The number of drivers per bus is maintained at the current level of 2.4. No change in the number of employees in all other departments is projected. Salaries are projected to increase by 2.5% over inflation. Payroll related costs, including ZUS, bonuses and payments to the social fund, are projected to increase directly with salaries.

Gas prices are assumed to rise to Western European levels by the year 2000 (an increase of approximately 30% per year), and afterward to increase with inflation. Repair and maintenance expense per bus is projected to increase with inflation. All other expenses and revenues are considered fixed and are projected to increase with inflation.

MZK's projected operating revenues and expenses under these assumptions are presented in Exhibit IV c:



Second scenario

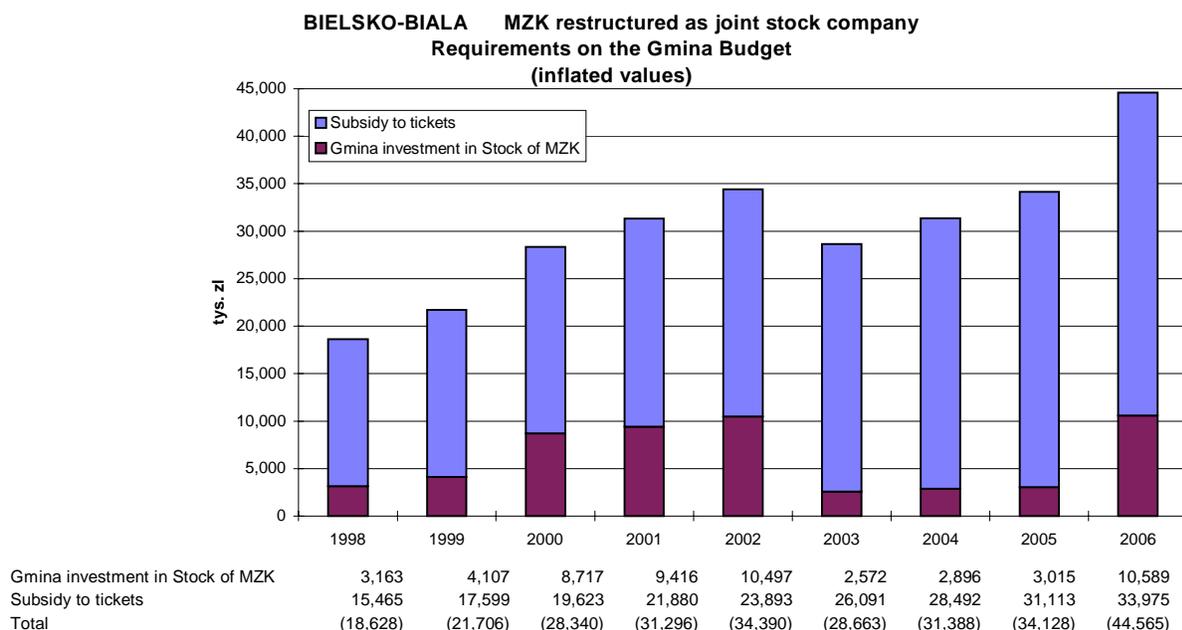
The second scenario presents a financial projection for MZK as a restructured enterprise (a joint stock company), under the following assumptions:

- the gmina changes the way it provides operating subsidy so that it pays MZK based on the number of discount or free tickets and fares provided under gmina social policy.
- The gmina will continue to provide an investment subsidy to MZK to make up any cash flow shortfall, but the gmina will receive shares in the company in exchange.
- MZK is able to take a tax deduction for depreciation on all of its assets (not only those purchased before the enterprise was owned by the gmina).

MZK does not currently incur debt to purchase buses and no debt financing is projected for the enterprise because capital investment needs are relatively constant from year to year.

The subsidy provided by the gmina to tickets is taxable income to MZK. This negates any tax benefit that would be received due to the increase in deductible depreciation expense in most years. The result is that the financial picture for both MZK and the gmina is virtually the same under the two scenarios. The gmina could reduce its investment subsidy if it finds other investors to purchase stock in MZK during the next several years.

The burden on the gmina budget under this second scenario is shown in Exhibit IV c:



The second scenario as presented assumes no improvement in efficiencies and no increase in revenues from new markets and services. If the company is restructured and provided greater autonomy and incentives for improving profits, it is likely efficiencies will be achieved and new sources of revenues found. The gmina would benefit if MZK expands its markets and services because administrative and overhead expenses will be spread over a broader base of activities. Services can then be provided to the gmina and citizens of Bielsko-Biala at a lower cost.

Subsidy mechanism

There are several alternative means for providing operating subsidies to MZK. Presently the gmina simply subsidizes the annual shortfall resulting from operations, providing no financial incentives to MZK management and employees to improve efficiencies or seek to provide new markets and services through the subsidy mechanism. In this way, the gmina has no clear picture of the cost of its social policies in providing discount and free tickets and fares to a large percentage of MZK's riders. The gmina is subsidizing full fare, discount and free riders all in one lump sum through the operating subsidy.

An alternative means of providing a subsidy to MZK is to tie the subsidy directly to the riders who receive discount and free tickets and fare cards. This method has the advantage of providing greater incentives to MZK to deliver a high level of service in order to retain or increase ridership. It also gives MZK greater incentives to improve efficiencies, since its subsidy will not be reduced if it does so. In addition, it clearly quantifies the cost to the gmina associated with its social policy.

The mechanics of implementing this type of subsidy need to be worked out, but there are examples in Poland where transport companies have implemented this sort of

subsidy to riders. The greatest hindrance to implementing such a system is the lack of reliable data on MZK ridership. A study of ridership should be undertaken to provide information on which to base the subsidy. The data gathered will also be useful in planning routes and schedules and, therefore, improving the level of service and/or efficiencies of MZK's operations.

Another means of providing operating subsidies is based upon kilometers. This is simple to implement and data is readily available. However, assuming the subsidy will decrease if costs decrease and increase if costs increase, it does not provide greater incentives to MZK to seek new markets besides those subsidized by the gmina. The gmina should encourage MZK to expand services and markets so that administrative and overhead costs are spread over a broader base.

Implementing a subsidy that is based on some combination of the above described mechanisms would be very difficult to design and administer.

ANNEX A.
Members of Gmina Task Force on
Enterprise Restructuring

J. Krawczyk	Vice-President, City of Bielsko-Biala
A. Kubiczek	Treasurer, City of Bielsko-Biala
J. Gerlach	Head of Department of Economic Policy, City of Bielsko-Biala
Z. Mastalski	Head of Department of Municipal Services, City of Bielsko-Biala
Z. Jamka	City Attorney, City of Bielsko-Biala
J. Gulis	Department of Economic Policy, City of Bielsko-Biala
D. Kraus	Assistant to Vice-President Krawczyk, City of Bielsko-Biala
J. Stwora	Director, Town Cleaning Enterprise (ZOM)
M. Kubica	Chief Accountant, Town Cleaning Enterprise (ZOM)
D. Zniszczol	Director, Municipal Transport Company (MZK)
T. Sabela	Head of Accounting Department, Municipal Transport Company (MZK)

ANNEX B.

ACTION PLAN

coordinated by Task Force ** Task Force to be appointed by deputy mayor, and to include selected workshop participants.

**MUNICIPAL CLEANING ENTERPRISE
ZOM**

(as prepared by Workshop Participants 30 - 31 January 1997)

	Action	Responsibility	Time
I.	PRESENT RESULTS OF THIS WORKSHOP	LGPP team	07/02/97
II.			
III.	ECONOMIC/FINANCIAL ANALYSIS	LGPP team and ZOM	31/03/97
IV.			
V.	PREPARATION OF RESOLUTION OF INTENT FOR CITY COUNCIL <ul style="list-style-type: none"> •.providing solutions to issues arising under Public Procurement Act (application of legal code to procurement) •.subsidy to ZOM 	Executive Committee	15/04/97
•.	PASSING THE RESOLUTION OF INTENT <ul style="list-style-type: none"> •.per cent of shares for ZOM employees should be established, •.subsidy to ZOM - budgetary resolution 	City Council	30/04/97
•.	LEGAL PROCEEDINGS AND COMMERCIAL CODE FORMALITIES, among others: <ul style="list-style-type: none"> •.charter •.valuation •.other Acts 	Executive Committee and ZOM	30/06/97
•.	SOCIAL PROCEEDINGS:		
•.	Consultations with: <ul style="list-style-type: none"> •.trade unions + agreement •.ZOM employees •.public information 	ZOM Board with possible support from Executive Committee	na bieżąco 31/06/97
•.	PASSING THE FINAL RESOLUTION	Executive Committee and City Council	31/07/97
•.	DRAFT SERVICE AGREEMENT BETWEEN THE MUNICIPALITY AND ZOM	Executive Committee and ZOM	31/08/97
•.	PROCUREMENT	Executive Committee	30/08/97
•.	CONTRACT AWARD	City Council	30/09/97
•.	NEWLY OPERATING ZOM	ZOM	1/10/97

ANNEX C.

ACTION PLAN

coordinated by Task Force ** Task Force to be appointed by deputy mayor, and to include selected workshop participants.

**MUNICIPAL PUBLIC TRANSPORT ENTERPRISE
MZK**

(as prepared by Workshop Participants 28 - 29 January 1997)

	Action	Responsibility	Time
I.	PRESENT RESULTS OF THIS WORKSHOP	LGPP team	07/02/97
II.			
III.	ECONOMIC/FINANCIAL ANALYSIS	LGPP team and MZK	31/03/97
IV.			
V.	PREPARATION OF RESOLUTION OF INTENT FOR CITY COUNCIL	Executive Committee	15/04/97
VI.	providing solutions to issues arising under Public Procurement Act (application of legal code to procurement)		
VII.	PASSING THE RESOLUTION OF INTENT	City Council	30/04/97
VIII.	per cent of shares for MZK employees should be established, among others:		
IX.	LEGAL PROCEEDINGS AND COMMERCIAL CODE FORMALITIES, among others:	Executive Committee and MZK	30/06/97
X.	charter		
XI.	valuation		
XII.	other Acts		
XIII.	SOCIAL PROCEEDINGS:	MZK Board with possible support from Executive Committee	on-going
XIV.	Consultations with:		31/07/97
XV.	trade unions + agreement		
XVI.	MZK employees		
XVII.	public information		
XVIII.	PASSING THE FINAL RESOLUTION	Executive Committee and City Council	31/08/97
XIX.	DRAFT SERVICE AGREEMENT BETWEEN THE MUNICIPALITY AND MZK	Executive Committee and MZK	30/09/97
XX.	PROCUREMENT	Executive Committee	30/11/97
XXI.	CONTRACT AWARD	City Council	15/01/98
XXII.	NEWLY OPERATING MZK	MZK	30/01/98