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## **ABSTRACT**

This report is the product of a two-member team's two-week assignment in Slupsk, Poland. The duration and format of the assignment permitted the team to obtain useful, current insights into the condition of local government in Poland, and the forms of assistance now required to assist them to achieve effective local self-government and to support a market economy. The report contains detailed information and data on Slupsk as well as many specific observations and recommendations which, in the team's view, are critical first steps to be taken if the twin goals of stimulating private initiative/enterprise and providing vigorous local government are to be realized.

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**Report on Technical  
Assistance to the  
City of Slupsk,  
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**November 1990**

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



**WORKING PAPER**

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# **Report on Technical Assistance to the City of Slupsk, Poland**

**November 1990**

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**for the:**

**Office of Housing and Urban Programs  
U.S. Agency for International Development  
Washington, D.C. 20523**

*The views herein are those of the authors and do not necessarily reflect those of the Office of Housing and Urban Programs or the U.S. Agency for International Development.*

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## TABLE OF CONTENTS

Summary of Recommendations and Observations -----	1
Project Overview:	
The Assignment and Approach-----	4
The Community-----	6
The Context: Legislative and Economic Change-----	8
Housing in Slupsk:	
The Housing Inventory-----	9
Housing Production in Slupsk-----	14
Communal (Public) Housing: Organization, Management and Maintenance-----	18
Options and Priorities-----	22
Financing Government Operations and Infrastructure in Slupsk:	
The Present Situation-----	25
Physical Infrastructure -----	30
Long-range Capital Financing-----	35
Housing and Public Finance--Their Relationship to:	
Local Government Organization-----	37
Local Economic Development-----	44
Appendices:	
Communal Housing Organization-----	Appendix A
List of Persons Interviewed in Slupsk -----	Appendix B

## Summary of Recommendations and Observations

This Report is the product of a two-member team's two-week assignment in Slupsk, Poland, sponsored by the United States Agency for International Development (U.S. AID), and organized and directed by the International City Management Association (ICMA), as well as a concluding seminar in Puszczykowo where Slupsk officials and the ICMA team shared views and observations with local officials from the larger Poznan area. The duration and format of the assignment permitted the team to obtain useful, current insights into (a) the condition of local government in Poland, and (b) the forms of assistance now required to assist them to achieve effective local self-government and to support a market economy.

In the chapters and appendices that follow, detailed information and data on Slupsk can be found and many specific observations and recommendations are offered. In this section are highlighted a few recommendations that are, in the team's view, critical first steps to be taken, if the twin goals of stimulating private initiative/enterprise and providing vigorous local government are to be realized.

### Recommendations for Action

1. Privatization of public housing. It is recommended that city officials take immediate steps to accelerate the program to sell communal housing units to residents of the city. This is

particularly urgent since the local government is now in process of taking over complete management responsibility for 12,000 public (communal) housing units, comprising more than 40% of the entire housing stock of the city. Maintenance of such a large quantity of public housing will be a continuing strain on the city's finances. Major efforts should be made by the city government now to divest itself of a substantial portion of this public housing stock.

In initiating an expanded privatization program, a detailed survey should be made of the 800 families who have already purchased communal housing. Based on the survey data, a sales program can be designed to market public housing units in ways that will be attractive to local residents. The city government will also need to work with PKO and other financial institutions to develop financing packages that will make it easier for residents to buy the public housing units.

2. Housing rehabilitation. In order to avoid losing housing stock through deterioration, the city needs to start a program to rehabilitate older communal housing. It is recommended that the city begin such a program by constructing 100 to 200 units of communal housing to serve as a relocation resource for families now living in housing that needs to be rehabilitated. This will be critical since there is a zero vacancy rate, and no other relocation housing is available. After the families are

relocated, the newly renovated housing should be offered for sale to the former residents (or other private purchasers). Funds from the sale of the rehabilitated housing can then be put into a revolving fund to continue the rehabilitation program.

3. New revenue sources. The local government needs to raise a greater proportion of its financial resources directly from the local community. It is recommended that the City of Slupsk, subject to new national legislation that is still pending, place more reliance on the local property tax. As more real estate sales take place on the open market, a property tax based on fair market values can generate substantial tax revenues, and bring some stability to the city's finances. This will be critical in enabling the city of Slupsk to construct needed infrastructure, and to develop its proper role in meeting the pent up housing needs of its residents.

4. Local government organizational structures. While the focus of this mission was on housing needs, the team was also asked to provide advice on organization of the city government, relations between the Mayor (President) and city council, and the needed reorganization of municipal services. A number of specific recommendations are included in the body of this report.

## Project Overview

### The Assignment and the Approach

The Assignment--A two-member team was given the task of working with the mayor and city officials of Slupsk, Poland, as well as provincial officials to identify problems and recommend solutions in the areas of (a) housing, (b) finance, and (c) management.

In the housing area, the team was to make suggestions, offer advice and prepare recommendations that would be first steps leading to (1) improvements in the production of housing, including regulatory changes, building and construction technologies, and financial structures; (2) the increased involvement of private builders and developers in the provision of housing; (3) improvements in the operation of communal (public) housing through changes in maintenance, management, and the rent structure; (4) and the conversion of public housing to private ownership.

In the areas of public finance and management, the tasks were to suggest, advise and recommend on (1) the finance of public infrastructure, including cost recovery techniques; (2) new sources of revenue to support housing and infrastructure, including sources that may require national legislation; (3) the

role and activities of local government in stimulating private builders and developers in constructing new housing.

At the conclusion of the assignment, a two-day seminar for local officials from the region around Poznan was held in Puszczykowo, a city adjacent to Poznan. The seminar, which was sponsored by the Foundation for the Support of Local Democracy, was conducted by the Mayor and Deputy Mayor of Slupsk and the US-AID/ICMA team members to share the insights and ideas gained from the on-site assignment.

The Approach--The fifteen days the team stayed in Slupsk were used to conduct interviews with city officials and staff, state and private enterprise personnel, officials of the voivodship, shopkeepers and artisans, and private and public educators. The open-ended interview process was employed to gather and interpret data on the current and proposed organization and operation of departments, agencies and enterprises; to gather anecdotal information from those interviewed on the administrative, economic and institutional changes underway in Slupsk; to gain insight into any structural, operational or attitudinal barriers to local self-government and a market-oriented economy.

The Report is largely a product of the many formal and informal interviews that were conducted over the two-week period the team was in Slupsk. (See Appendix B).

### The Community

Slupsk is the principal city in the province (voivodship) of the same name in Northwest Poland. It is situated some 18 km from the Baltic Sea and has a population of just over 100,000, about one-fourth of the provincial population. It lies along the main east-west highway across northern Poland at the junction of principal roads from Warsaw to the southeast and from southwest Poland through Poznan.

In the last two decades the population of Slupsk has increased 43%. While the male/female proportions of 48%/52% have remained stable during the period, there has been a small, steady increase in the population over 60 years of age (11.3% at the end of 1988). In the 1978-1988 decade, the under 17 and 30-59 age groups increased but the 18-29 group decreased. The education level shifted upward during 1970-1988: the number with higher education tripled to almost 10% and those with a secondary education increased over 50%.

Economic activity derives from the extensive agricultural and forestry lands in the province (46% of the land is in agriculture, 43% in forestry); its location along major transport lines; the commercial fishing activity in the Baltic close by; and the tourists who are drawn to the seashore, the national park located in the province, health and rest resorts, and the fishing/camping sites on adjacent forest lands.

Food processing, agricultural and woodworking machinery manufacture, furniture and shoe manufacturing are among the principal industrial employment sources (31% of those employed). The trade and service sector accounted for 59% of the employment and construction/architecture provided jobs for the remaining 10%.

The mix of private/socialized sector activity in Slupsk offers useful insight into the local economy. Of the 53,000 persons employed in Slupsk in mid-1990, 77% were engaged in the socialized sector and the remainder in private establishments. The private sector accounted for 92% of the 920 registered establishments (over three-fourths of these in the trade/service category). And in trade/services, 97% of the establishments were private but employed only 17% of the sector's work force. On the other hand, the socialized trade/service sector accounted for 3% of the establishments and 83% of the employment.

Just to emphasize the transformation underway in the Slupsk economy, it should be pointed out that of the 850 private enterprises cumulatively registered through mid-1990, 320, or 38% were newly registered in the first half of 1990. And of the 320 new enterprises, 189 were wholly private while the remainder, which were shared endeavors between the public and private sectors, also were dominated by the private sector.

Slupsk is the administrative center for the province and serves as the principal location for medical facilities and personnel, children and infant facilities. At the same time, Slupsk does not dominate cultural, entertainment and tourist activity in the province. Other communities like Ustka, Leba, Postomino and Smoldzino are tourist destination points or provide cultural facilities.

The team was not able to obtain significant data on per capita and household income data, either for Slupsk as a whole or for major subsets, such as the residents of communal housing. Nor were more detailed data obtained on the building inventory of the city. As noted above, an early activity for subsequent engagements in Slupsk is gathering data in these and other important areas.

#### The Context: Legislative and Economic Change

The focus of the Slupsk assignment was to identify the initiatives local government can take to deal with housing, infrastructure, economic development and public finance conditions. But, as the World Bank, the Urban Institute, and many others, including the officials in Slupsk have observed, many local initiatives are awaiting the refinement or the adoption of national legislation. National policy in public capital finance, mortgage lending, disposition of state and communal property, property transfer, land planning and

development, building standards, and environmental controls will provide the framework for local action.

In Slupsk, private enterprises are being formed, joint public-private projects are underway, communal housing is being sold, and new institutions are being explored to attract private capital, largely because a combination of public and private leadership is prepared to take the initiative.

Throughout this report, the issues, the opportunities and the recommendations described derive from the circumstances observed in Slupsk. It is assumed that the terms of reference with respect to national policy, even national and international policies beyond Poland's border, will change. Changes in external (to the local conditions) policy are regularly present for the local official functioning in a local self-government context and in a market-oriented economy.

## HOUSING IN SLUPSK

### The Inventory

At the end of 1989, Slupsk had just under 30,000 dwelling units. As best as could be determined by the team, the inventory is spread among several categories of ownership/sponsorship: communal housing (what in the U.S. would be called "public

housing"), private (individually owned), enterprise (housing owned by state enterprises, such as transport, for its employees), cooperative (often included within the socialized category because it is heavily subsidized), and other (provided by the state for the military, the police and railway personnel).

<u>Category</u>	<u># Units</u>	<u>% of units</u>
Communal	12,105	41
Private	4,150	14
Enterprise	389 (approx.)	3
Other (coop, military, police, railway)*	12,505 -----	42 ---
	29,649**	100‡

\* The team was not able to obtain a breakout of these categories, although it is assumed that the great majority is cooperative.

\*\* About 3,000 units, (10% of the stock) are single family, detached dwellings; the average size of private dwellings is 1,290 sq. ft. and communal housing is 641 sq. ft.

The age and condition of the overall inventory was not readily available, but some indication can be derived from limited information on the communal stock and the cooperative units, most of which have been built since 1960.

The 1990 housing goals of the Voivodship and Slupsk are aimed to relieve some of the housing shortage, if population increase and production levels meet estimates. Population growth in 1989 for

the province was 3,843 and for Slupsk, 555. Using the Slupsk occupants per dwelling ratio (3.38 persons per d.u.), 1989 population growth in the voivodship would require 1137 units and 165 units in Slupsk.

The 1990 housing production targets are:

<u>Category</u>	<u>Voivodship</u>	<u>Slupsk</u>
	<u># Units/%</u>	<u># Units/%</u>
Communal	516/21	50/16
Private	574/24	40/13
Cooperatives	1,349/55	230/71
Total	2,439/100	320/100

(Officials in Slupsk and the Voivodship confirm that actual production is below the target levels).

Communal housing in Slupsk, as already noted, comprises some 41% of the housing inventory. It houses about 46% of the population. The density per dwelling unit is slightly higher, at 3.8 persons per unit, than Slupsk as a whole (3.38 persons per unit).

Communal housing contains 42% of the residential square footage in the city.

The average size of communal housing, by room count, is 3.2 rooms per unit. The distribution is as follows:

<u># Rooms</u>	<u># Units</u>
1	2,793
2	6,605
3	2,245
4	564
5 or more	64
Total	12,271*

\*Includes 166 units located in an adjacent community administered by the housing enterprise.

The communal housing enterprise, a public entity responsible for operating the communal housing (see Appendix B), does not regularly maintain information on occupancy by family size nor on inventory by unit size (the above data was specially prepared at the request of the team). Nor was the team able to obtain detailed information on either the age or the condition of the inventory. The information is available, it is believed, and should be available given sufficient advance notice.

The housing enterprise does group buildings by age and condition as follows, but not on a regular basis, and the information was thus not available to the team:

Building Age: (1) Pre-1914, (2) 1915-1939, (3) 1940-1960, (4) 1960-Present. It was noted that only 17% of the communal housing is less than 20 years old.

Building Condition: IA--built after 1950; IB--built before 1950; II--Old buildings of mixed construction type and materials; III--very old buildings that are candidates for demolition or are substandard.\* \*(missing one or more of the following: water, electricity, sewer service; or there are structural deficiencies). According to the housing office in City Hall, about 83% of the communal housing buildings need a combination of major and minor renovation. Buildings constructed in the 1960-1970 period are in particular need of work due to the construction materials and technology of the period. Moreover, some 90 units need to be demolished and another 30 units, presently leased for office space, need to be returned to residential use but relocation housing is not available.

Included in the inventory of communal housing is space used for non-residential purposes. By mid-1990, the housing enterprise, which has responsibility for lease management, had 694 non-residential leases occupying just under one million square feet of space.

Reference has already been made to the modest production level for new communal housing. In other ways the inventory continues to change, as well. For example, some 30-40 units annually are

removed from inventory for a variety of reasons. In the last few years, communal tenants have been buying units. In the years 1980-1989, 783 units were sold to sitting tenants, 30% of the sales occurring in 1988-89. It is the teams' recommendation that a study of communal housing purchasers should be conducted (see Recommendations for Action, p. 2).

#### Housing Production in Slupsk

Transformation is underway in the housing construction industry in Slupsk. The state building industry has begun the process of joint ventures with local and international investors to bring new building materials and systems to local housing construction. Small contractors and craftsmen are growing in numbers to serve the renovation as well as new construction business. And these trends are continuing despite the current drop in building construction.

The state building enterprise (kombinat) is in the process of modernizing its older plant to produce more panel units of lighter construction and more diverse sizes. The new panels will meet the government-set heating standards while using less material, labor and electricity in production. When modernization is completed, the plant is planned to double its panel production capacity from 3,000 rooms per year to 6,000 per year, or 45,000 square meters. Plant modernization is scheduled to be completed this year.

A second plant is under construction to produce foam plastic and wood laminated panels for low-rise construction (two stories) based on technology developed in Germany and Sweden. This plant is the product of a joint venture between the state enterprise and local and German investors. The venture has been structured with 56% German ownership and 44% local private stock ownership. The state enterprise took an equity position by contributing land, buildings and infrastructure. The machinery and equipment were supplied by the German partners. The arrangement provides for the state enterprise to receive rent and a share of the profits.

In another move, a private, Warsaw-based firm has established a subsidiary in Slupsk, Interbau-Nord, to harvest state-owned timber and to manufacture wood building elements. The firm also fabricates metal door and window elements. Both products are distributed throughout northwest Poland. Interbau-Nord acts as a building contractor as well, and currently has contracts to build hospital facilities in Slupsk and Ustka, and a communications center in Slupsk.

On a related front, a survey and mapping enterprise established by the voivodship has begun the process of privatization and diversification. Initially structured as a worker cooperative on the basis of a 90%/10% state/private relationship, with the state share coming in the form of land and buildings, the state

enterprise partner is now selling 50% of its interest and hopes to divest all its interest as soon as possible. The interesting aspect of this undertaking is that the company has raised some ZL 750 milliard from 140-150 local investors as limited partners. What began as a survey and mapping enterprise has now expanded into meat processing, wholesale and retail distribution and sales; and is now developing a survey equipment manufacturing subsidiary. So far, each expansion has been funded from survey equipment with each endeavor funded from profits, limited partners, and bank borrowings.

At the other end, the state housing enterprise reports that its repair and renovation work is being performed by a growing list of private craftsmen and tradesmen. Individuals who are building their own houses indicate that they are able to find small building contractors and craftsmen.

Overall, the firms and individuals with whom the team met said the construction industry (and other sectors as well) in Slupsk is hurt by a shortage of skilled workmen who lack basic training, as well as specialists in the electronics field and trained managers and marketing expertise. In other ways also the industry has weaknesses: a shortage of serviced building sites, a lack of consumer housing finance instruments, and, at the moment, a sharp decline in housing construction.

Even with these shortcomings, the building and construction industry in Slupsk is making significant adjustments toward a private, market-oriented operation. The vitality of the local industry can be attributed, in part, to the professional competence and strong interest of the President of Slupsk and his Deputy (trained as a structural engineer and architect, respectively.) Their own experience in the state construction enterprise and their knowledge of building technology have contributed to the pace of change in the local industry. Each expressed interest in evaluating present building standards and regulations for modifications that could stimulate construction while maintaining public health and safety standards.

An interesting development--not strictly production--but important to the housing inventory, is the ongoing exploration of a construction technique aimed at increasing the energy efficiency of existing communal housing. A system for adding an exterior structural "skin" to 1960s and 1970s period multifamily blocks has been designed and shows promise of substantially reducing heat loss/gain while avoiding temporary relocation. A review of the technology and a demonstration of its application might be very useful. Other techniques are being explored for treating interior walls, particularly for some of the older structures which have higher ceilings and larger rooms.

Communal (Public) Housing: Organization, Management and Maintenance

While communal housing and cooperative housing are often grouped together as "socialized" housing, the commentary in this section is devoted exclusively to aspects of communal housing operations. (Communal housing would be considered government-owned rental housing in the U.S. - housing that has been constructed and maintained through central government funding).

In Slupsk, the housing functions are divided between the housing office in City Hall and the state-established communal housing enterprise. The City's housing office is responsible for the development of broad housing policy, the maintenance, review and allocation of requests for housing assistance, and the handling of comments and complaints concerning the management of the communal housing enterprise. The communal housing enterprise is responsible for the placement of incoming tenants in communal housing, the negotiation and fulfillment of residential and non-residential leases, the sale, maintenance, repair and renovation of communal properties, and the re-assignment of tenants when necessary and possible.

Because the national and voivodship governments will soon convey much of their property holdings, including communal housing, to the City of Slupsk, and also because of operating difficulties under the current organizational arrangements, the City Council

of Slupsk will soon appoint a housing study group to examine the operation of the housing enterprise. This study group will draw half of its members from the City Council and half from specialists in the field. (Since the overall housing situation is under study, only a summary of current circumstances is provided here. A more detailed description of the current organization of communal housing is provided in Appendix A).

Communal housing is intended to serve all income ranges and family sizes. However, in Slupsk admission requirements have been set based on overcrowded conditions, excessive rent costs, or the demolition of former living quarters. Because the turnover rate is very low (about 100 units a year), a waiting list system is used to identify and select new tenants. The waiting list is prepared by the City's Office of Housing, drawn from all those seeking both cooperative and communal housing. An Advisory Committee, appointed by the City President, annually reviews the list and establishes applicant priority. In 1990 the list had 95 priority applicants. As communal housing becomes available, the housing enterprise notifies the Office of Housing which selects an applicant from the priority list. The housing enterprise negotiates a lease with the household and the new tenant moves in.

The rent rates have been established by the central government at a base level with additions, or subtractions, depending on

whether a unit is provided with each of the following: bath, hot water, heating, or natural gas. Rents are calculated on a square meter, per month basis and generally ran between 2% and 3% of tenant income. (In September 1990, the government tripled rents in communal housing). Rental payments cover only a small percentage of actual operating costs--regular maintenance, care of common areas and public spaces, solid waste disposal, sewer utilities and administration. Until recently, the central government filled the operating gap by subsidy, but now the city is responsible for making up the difference. The communal housing enterprise is responsible for maintenance, repair and renovation. Generally, minor repairs are done by the enterprise staff but tenants can make minor interior repairs and decorate their space. Moderate repairs, particularly heating stoves (only 27% of communal housing is served by district heating), gas installation, roofing and masonry are increasingly made by private tradesmen. The enterprise maintains a list of tradesmen to contract the repair work. (Until 1988, the enterprise had to advertise for contract work). For major repairs and renovation, the housing enterprise contracts with private contractors, the City Building Enterprise or the City Agricultural Building Enterprise. According to the Office of Housing, many complaints are received about the maintenance and repair of communal property.

Before moving to a discussion of the options and priorities for communal housing, a word or two about the tenancy in communal housing is necessary. The housing enterprise staff observed that the tenant population is becoming older and poorer, as the younger families move out of the units shared with their parents who usually choose to remain. As a result, it is estimated that some 8% of the units are occupied by singles and couples who would like to move into smaller units, although none are available in the tight market.

The team was not able to obtain a complete profile of the tenant population. However, it was informed that communal housing is becoming the relocation resource for households which have been evicted from cooperative housing, and which are often "troubled" families with alcohol, drug, and social behavior problems. Communal housing cannot evict tenants without court action and unless alternative housing is provided. Contributing to the changing tenancy is the sale of communal housing to tenants who are usually better off economically. As noted earlier, some 800 units have been sold, usually in newer or renovated buildings and preferably in blocks having space with commercial potential.

### Options and Priorities

The housing options available to the leadership of Slupsk are broadly proscribed by the pace and substance of legislative and policy changes at the national level. What happens in Warsaw with respect to property law, land planning, building standards and regulation, financial institutions and systems, residential and public infrastructure finance will have a profound affect on the choices made by Slupsk.

By the end of 1990, Slupsk will have had conveyed to it the majority of land and buildings in its jurisdiction, property now owned by the state. The City is conducting a property inventory which should be completed by that time and will identify all those properties designated for transfer to local government. In later phases other state and agricultural properties may be proposed by Slupsk to be acquired or used for other purposes (the later category is particularly significant given the high percentage of urban land designated for agriculture). Certainly at the time of transfer, and hopefully even sooner important decisions must be made about use, retention, disposition and development.

The turnover rate in communal housing is extremely low, providing little flexibility in the programming of renovation, demolition and replacement. Yet there is a substantial quantity of communal

housing that needs major repair. Adding to the difficulties in housing, and therefore, local finance, is the sharp increase in rent delinquency, which ran at 155 prior to the rent increases in September 1990. These conditions place great pressure on local officials to find immediate remedies.

Even under these pressure-filled and unknown conditions, Slupsk has grasped the need to stimulate a market-oriented economy and to initiate organizational and institutional changes supporting that direction. Reference has already been made to the possible revamping of the entire housing operation, and other proposals to create public/private undertakings in that area will be discussed later. Other major changes in government structure are under review, as noted in the next section. The President, the Deputy Presidents, the Chairman of the City Council and other leaders are working to energize private initiatives in many sectors, of which the construction industry is but one.

From the team's viewpoint, the extremely tight housing supply and the continued cost increases and falling revenues in communal housing suggest some early policy options and priority actions:

- o In order to take some pressure off the existing supply of communal housing, both to free up units for renovation and to provide a relocation resource for households occupying the 90 units scheduled for demolition, some 100-200 new

units of communal housing should be built, either as in-fill in the city center or on readily serviced sites at the city edge. (See also Recommendations for Action, p.2).

o The early application of exterior wall sheathing techniques

to 1960s-1970s vintage communal housing should be emphasized to increase energy efficiency and reduce operating costs.

o In order to undertake an early assessment of communal housing sales, (1) a detailed user survey should be conducted of the 800 households that have already purchased communal housing; (2) optional methods for selling communal housing should be devised and evaluated through focus group techniques, (3) current tenants of communal housing should be surveyed to determine if rent increases might be more affectively applied to a purchase-option. (See also Recommendation for Action, p.2)

o Expand the design service now provided by the City Building Enterprise by making it a consumer Renovation Center, providing access to design services, materials information, and contracting/procurement counselling.

o As part of a larger effort to stimulate small business formation, (eg. small housing construction companies), a

Small Business Development Center should be established to provide training and counselling in business operations, management, marketing, and possibly, incubator space for business start-ups.

o Begin the immediate exploration of a variety of financing mechanisms to facilitate the purchase of communal housing, including deferred payments, equity workouts, credit enhancements, etc. An associated task is to undertake an analysis of the current practices in valuation, sale and lease, and transfer in the formal and informal private real estate market.

o As part of the larger effort to install a modern data and information system, develop an integrated property record system to serve property transfer, asset management, and taxation needs.

## Financing Government Operations and Infrastructure in Slupsk

### The Present Situation

The present situation with regard to municipal finance in Slupsk is extremely difficult, if not precarious. The present City Council and Administration came into office in the late spring of 1990 and inherited an operating budget that was developed and adopted by the previous City Council and Administration. They

assumed office when the budget year was almost half over. Philosophies and priorities were different. But philosophy and differing priorities alone do not account for the fact that the City of Slupsk adopted a Revenue Budget projected receipt of 270 milliard zlotys (\$28.4 million dollars) for the Fiscal Year. The best estimates of actual revenue expected are only 91 milliard zlotys (\$9 million dollars). At the same time, the expenditure budget of 270 milliard zlotys for operation of the School System, the City Government, the recently transferred State Enterprises and the Capital Improvements program was half spent and composed of fixed or committed costs.

This immediate financial crisis was uppermost in the minds of the President/ Mayor, the City Council and the City Administration when the team arrived in Slupsk. Resolving this immediate problem was clearly the highest priority. It was to become clear over the course of the stay that this situation was by no means an isolated event. To one degree or another, cities all over Poland were experiencing the same "Budget Transition."

In the course of analyzing the Revenue Budget it was determined that well over 90% of municipal revenues come from just a few sources. These sources are: 1) Turnover Tax (inventory tax) 14%; 2) Income Tax (business income tax) 54%; 3) Dividend Tax (tax on State owned enterprises) 4.5%; 4) Tax on Salaries (personal income tax) 4%; 5) Tax on Private Enterprise (profits

tax on very small enterprises) 15%; and 6) Tax on Wages, Fees and Royalties 2%.

Time did not permit a thorough analysis of these taxes and their administration. It is important to note that all are administered and collected by the national government and voivodships, and disbursed back to the municipal governments. Far more in depth analysis is needed to determine whether the taxing structure and administration offer opportunities for improved revenue sources for Polish city governments. The lack of modern record keeping systems and equipment make it highly likely that administration of these complex taxes through the State provide the potential for massive errors and inequity.

It was not possible to thoroughly evaluate the expenditure side of this transition year operating budget. In any case, recommendations based on this chaotic and distorted transition year would be of little value. It can be noted, however, that municipal budget expenditures fall essentially into four categories: 1) Education 36%; 2) Voivodship 44% (this appears to be a transfer to pay the operating costs of the various public works and housing enterprises which are in the process of being transferred to City Government.); 3) Capital Improvements 18% (these expenditures include construction of two new schools and one kindergarten, major capital repairs for the City Hall building, and payment for Capital construction begun under the

previous regime.); and 4) All other, including City Administration, government operations, and communal housing 2%.

The local Self-Government Act and laws regarding local autonomy place a great deal of responsibility on municipal government. The legislation on local government finance, privatization and land management, and the support structures for implementation were not complete at the time of this team's visit to Slupsk.

With regard to municipal government taxation and revenue generating structure, therefore, only limited recommendations can be made. The first observation is that a more balanced and diversified taxing structure should be developed. As previously observed, over 90% of municipal revenues presently come from only a few sources. More reliance should be placed on the property tax. Its use should be kept moderate, but as privatization of land takes place and more land transactions occur the real value of land and property will be determined through the free market mechanism, and a fair market value based property tax will generate substantial tax revenues. Land and property constitute real wealth that benefits from municipal government services, and a well administered municipal property tax can be relied on to provide stable financial support for municipal services. The property tax as currently managed relies on property values, as established by the State for insurance ratings to establish value. This basis of valuation provides the potential for major

error and inequity. As the sale of land and property in the new free market economy moves forward and the legal structure is established, the resulting land transaction record keeping system should be designed to provide an accurate data base on the real value of land and improvements to municipal government upon which to base the property tax.

Other types of taxes should be evaluated and considered as the municipal financing laws are developed. A few possibilities might be mentioned for consideration at this juncture. A municipal sales tax may be worth considering. A sales tax at the municipal level may be difficult to administer and should be considered in the context of the national taxing structure.

Some forms of excise taxes may be appropriate for consideration, such as those often used in U.S. cities:

- o. Gross receipts tax on utilities
  - a. Natural Gas
  - b. Electricity
  - c. Telephone
  - d. Water
  - e. Cable TV
  - f. District Heating
  - g. Solid Waste Collection
- o. Hotel/motel occupancy taxes (often up to 5%) generally used to underwrite facility construction and operations aimed at

- attracting convention-entertainment and tourism business.
- o. Motor fuel tax - usually earmarked for road and bridge maintenance and/or to underwrite mass transit system.
  - o. Sumptuary taxes - often referred to as "sin" taxes.
    - a. cigarettes
    - b. alcohol
    - c. mixed drinks

Some or all of these possible taxes should be evaluated in the context of pending national legislation regarding taxing structure.

#### Physical Infrastructure

The situation with regard to financing and constructing needed capital infrastructure is very similar to the operating budget dilemma. The team toured as many of the infrastructure operations as time permitted in order to get a first hand view of the situation. The following observations can be made:

Sewage Collection and Treatment System Slupsk is justifiably proud of the fact that they have recently opened a sewage treatment plant that provides primary and secondary treatment for sewage from the region. The fact that they provide sewage treatment, particularly secondary treatment, makes them an exception among Polish cities. However, the length of time it took to fund and construct the treatment plant created a situation in which the plant was over capacity from the day it

opened. The treatment plant capacity must be immediately doubled to eliminate frequent discharge of large volumes of raw sewage into the river flowing to the City of Ustka and the Baltic Sea some 18 km to the north.

At the same time, the sanitary sewage collection system needs major upgrading. Most of the "Old City" has combined sanitary/surface water piping. The result is that the sanitary sewers and the treatment plant must handle double the normal volume of sewage during rains. Separation of sanitary sewers and storm sewers is part of the long-range capital planning of the City. No specific projects have been determined and no funding proposals have been discussed.

To further compound the problem, it should be noted that 30% of the residences and small enterprises in the City do not have sanitary sewers at all, and sewage must be collected and disposed of by pumping into trucks operated by the Public Utility Enterprise.

Water Treatment and Distribution The water supply for Slupsk is provided by 100 to 130 meter deep wells. Water quality, although high in manganese, is good and therefore is not treated.

According to officials, the water is chlorinated only when a specific problem develops. New wells have just been constructed and new trunklines are in final stages of development. There is

need for two water storage facilities to complete the water production and storage system.

On the distribution side, the team received conflicting information. City planners indicated that the water distribution system was generally in good condition. However, the public works staff indicated that water mains throughout the City needed major repairs or replacement. Much more information is needed to accurately evaluate long-range water system capital needs.

Perhaps more important and potentially more costly to correct is the lack of metering of water use. The infrastructure systems have been constructed based upon the premise of unlimited use by individuals and businesses. Therefore, metering and methods of charging for use are largely non-existent. The costs of metering all individual users in the existing water distribution system will be enormous. Interim means should be found to have users pay in proportion to use.

Centralized District Heating System Slupsk, like most cities in Poland, provide its residents, businesses, and public facilities with heat through large coal-fired, high pressure hot water generating plants. In Slupsk, 80% of the City is provided with heat by one large and several small plants. The large plant has particulate filtering of air emissions, but clearly is a serious air quality offender. Heating use, like water use, is unmetered and uncontrolled at the user end. Not only is use not metered,

but the cost is subsidized 80% by the government. The customer pays only 20% of the actual cost. The method of seasonal control is by decree. While the team was in Slupsk during an unseasonably cool October, the voivodship Governor decreed that District heating would go on several weeks early. It was noted by some that the best method to control room temperature, particularly in the upper floors of the flats, was to open windows.

Obviously, enormous amounts of energy are being wasted. The cost of metering at the user end will be astronomical. This, together with methods of controlling and/or monitoring water use, should be a prime target for research and technical assistance.

Transportation Systems Street construction and maintenance is divided among several former State Enterprises. One State Enterprise is primarily a street construction and repair operation with both a concrete production plant and an asphalt plant and construction capability. The asphalt plant was antiquated and badly in need of replacement. Air emission is a major problem. This enterprise builds and repairs all streets for the City and for enterprises on a contractual basis. This enterprise formerly had responsibility for traffic signalization and control, but this function has been recently privatized. The street system was in good repair and was well maintained.

Street cleaning, minor repair and snow removal are provided by the public utility enterprise. This enterprise is responsible for refuse collection and operation of the sanitary landfill for the region. This entity also has responsibility for supplying butane gas to 14,000 customers in Slupsk and surrounding villages. (This function that may be ideal for privatization.)

Long-range planning for major streets and transportation corridors has taken place. The planning standard of 120 cars per 1000 population, which is being used to project future highway and street needs, will produce a major thoroughfare system totally inadequate if substantial improvement in the economy takes place.

Mass transportation systems in Slupsk, like elsewhere in Europe, are far better used than in the United States. The public transit enterprise in Slupsk estimates that there are 45 million riders per year in the service area. The system is composed of both electric trolleys and buses. One of the major problems foreseen by the transit enterprise is that fares have been heavily subsidized by the State, with 70% of the cost of Capital equipment replacement paid by the State. A second concern is that the quality of bus and trolley equipment is not good. New and improved equipment is badly needed. Overall, the transit enterprise expects to show a 10% profit for Fiscal Year 1990.

Long Range Capital Financing Historically, capital financing of infrastructure was the responsibility of the State. Priorities were determined and decisions made primarily at the voivodship level. It is not clear how much input or influence came from municipal government. It is clear that municipal governments like the City of Slupsk had detailed master plans for land use and infrastructure and undoubtedly established priorities. It is equally clear that cities had very little authority and/or responsibility for implementation and financing these improvements. As authority and responsibility for these infrastructure enterprises and systems are handed back to City Government, vehicles will likely be created to give cities long-term financing capability. It is presently planned that full responsibility for many of the previously mentioned State Enterprises will revert to cities as of January 1, 1991. City governments may be given the ability to incur long-term debt to finance major capital improvements. That debt needs to be secured by solid communal assets where appropriate.

Restructuring of user fees to more realistically reflect the cost of using infrastructure should take place. At some point, this may provide the possibility of using the revenue stream to secure financing for capital improvements by means of revenue bonds.

It is beyond the scope of this initial consultancy to develop specific recommendations. Too much is unknown. It is important to observe that the National Government must find effective ways

to assist cities in bridging their short-term insolvency and their long-range ability to secure capital debt financing.

## HOUSING AND PUBLIC FINANCE--THEIR RELATIONSHIP TO:

### Local Government Organization

Poland's new Local Self-Government Act became law on March 22, 1990. Two months later municipal elections were held in nearly 2,500 cities and towns. More than 52,000 representatives were elected to serve on local councils. The team will describe the composition and structure of local government in Slupsk and make some observations and recommendations.

The City of Slupsk City Council is composed of 45 elected council members. The Council elects a president from its membership. The President/Mayor serves as the Chief Executive Officer of the City. In Slupsk, the President then selects two deputies from the membership of the Council who are ratified by the City Council. This three member team functions as the top administrative unit in managing the day-to-day operations of the City. In addition, the City Council elects a Council Chairman separate from the President and appoints a number of standing committees. Authority for almost all substantial decisions rests with the 45 member City Council. Responsibility for carrying out decisions and providing on-going administration rests with the President/Mayor and his team.

It is not productive to spend a great deal of time evaluating the present City organizational structure. It is clear that

substantial reorganization is underway and that time will be needed to assimilate departments and functions that are in the process of being transferred from the voivodship to the City government. Some general observations and recommendations can be made.

The City Organization is made up of approximately 150 permanent employees organized into approximately 20 departments or organizational units. The responsibilities and functions of the City Organization can best be characterized by repeating the terms used to explain the departments. The various departments exist to: organize, coordinate, regulate, recommend, advise, dispense, supervise, design, facilitate, plan, control, classify, etc. The City Government, then, is an administrative or staff organization. It is not a service delivery or line organization.

Presently constituted operating units that deliver services to the citizenry are administered outside of the existing City organizational structure. These line or operating units previously were under the administration and control of the Voivodship Governor and were essentially autonomous enterprises. Most of the Public Works Enterprises, including sewage collection and treatment, water treatment and distribution, street design and construction, street repair and maintenance, refuse collection and disposal, district heating generation and delivery, park development and maintenance, building construction

and maintenance and public transportation enterprises with a total of approximately 1000 employees are in transition. They offer a substantial opportunity to the City Administration. Each enterprise should be analyzed function-by-function to determine if there is a realistic possibility to privatize specific functions. Some possible examples are street construction - Could the concrete plant be sold to private contractors? Could the asphalt plant and asphalt construction equipment be sold? Will there be enough street construction to assure competition if these operations are privatized? Could butane gas delivery and service be privatized?

Those functions that have the most likelihood of being profitable will be the most attractive to private investors. Each function should be evaluated as to whether essential services will be denied to any citizen if privatized.

After this evaluation has taken place, those functions that are to remain as public enterprises should be evaluated and reorganization considered. Are there duplications of functions across the enterprises that could be eliminated, if combined? There are multiple equipment repair functions. Would there be efficiencies in combining any or all of them? There are similar technical staff among some of the enterprises. Could some be combined and/or reduced? Could better management and more coordinated planning and implementation occur if reorganization

took place? This and other questions should be answered and appropriate decisions made.

Once these decisions are made, the next task is to determine what is the most appropriate administrative and organizational relationship between each Public Enterprise and the City Administration. Should the enterprise be viewed strictly as a contract provider of services to the City and its citizens? Should the enterprises become operating departments of the City? If so, can the City Management team assimilate and effectively administer these new enterprises? If this alternative is selected, can the organizational infrastructure, presently geared to a 150 person City Organization, support a 1000+ person organization?

Although much more analysis is necessary, some services appear promising. For example, the public works enterprises might privatize certain functions. The public works functions that remain could be placed under the administration of a single director, and the functions then become an integral part of the City Government structure. The Director would then have equal status with the present two deputies and become a member of the President's management team. It is our belief that this could help to assure the effective delivery of these essential infrastructure services, and guarantee that infrastructure priorities will be established and carried out with the appropriate involvement and commitment required.

Under the "Local Self-Government Act," the President/Mayor does have primary responsibility for day-to-day administration of the City. The City Council, however, clearly has authority for all decisions of substance. It is important to make some observations about the working relationship between the City Council, the President, the City Organization, and the community.

In Polish cities, the size of the City Council ranges from 15 to a maximum of 100 members. In Slupsk, the City Council has 45 members. The team had very little background information or history concerning the adoption of the "Local Self-Government Act" and the following comments and recommendations should be viewed from this perspective. However, it is important to make some comment.

In the United States, city government is the level of government that delivers essential services directly to citizens 24 hours per day, 365 days per year. Delivery of these services is essentially non-partisan and non-political, and government structures should be designed to maximize the swift, efficient, and equal delivery of these services. Every effort is made to streamline local government accordingly. The focus is on running city government like an efficient business. Even accounting for the very different situation and history of local government in Poland, the recently adopted local self-government law modernized and substantially reduced the size of city councils. The city

councils still appear to be too large and are probably unable to focus on the efficient delivery of city services. Based on our observations, we suggested that the size of city councils should be reduced. For example, the city of Grand Rapids, Michigan has 200,000 citizens and a city council with seven members. The mayor is the chief and leader of the council. The council has the responsibility to pass laws, develop policy, adopt a budget, and assure the efficient administration of city services. Professionally trained administrators are appointed to manage the city.

Another recommendation is that changes should to be made in the relationship between the President and the City Council. A long-term recommendation is that university programs be developed to train and prepare capable professional municipal-government administrators (city managers), who will be appointed to serve under the policy direction of the President and City Council, with responsibility and authority to administer all city services and employees. However, since such programs do not exist yet, this effort will take some years. In the mean time, the leadership role of the President/Mayor must be enhanced. The difficulties of this leadership role are enormous. Leadership must be provided in at least three distinct spheres:

1. Governance. The President is logically looked upon to provide leadership to the City Council and to be the spokesperson and advocate between the City and all other levels of government.

2. City administration. The President is the chief executive/administrative officer of the City organization. He is responsible for managing the city organization and delivery of city services.

3. Citizenry. The citizens, advocacy groups, and organizations look to the President as spokesperson and leader of the city.

It is the team's recommendation that presidents/mayors have the legislative position of Chairman of the City Council, as well as responsibility for the City Administration. This consolidation of authority is important to the efficient and timely delivery of programs and services. Clearly, mechanisms should be in place to assure that presidents do not abuse power. However, this focusing of authority and responsibility is necessary if municipal governments are to function effectively.

After looking at the City administrative organization, the team offers some general recommendations for consideration. As pointed out earlier, the existing municipal government organization in Slupsk is an administrative and staff organization. Reorganization is needed that is consistent with the new priorities. Consideration must be given to refocusing and redesigning the rest of the organization to make it a positive force for community development and growth. There is no single organizational structure that is exactly appropriate for

Slupsk at this stage. Decisions about organizational structure and placement of authority and responsibility must also take into consideration the realities of the environment and the human resource capabilities of the organization. One of the serious problems noted by many officials interviewed was a severe shortage of well trained managerial, professional, and technical staff. Elimination of this shortage will take many years. However, an immediate need exists to reorganize the administrative organizational structure of the City of Slupsk to better reflect priorities. In addition to elevating the head of public works services to deputy or equivalent, it is recommended that one deputy be given clear responsibility for land use management, planning, economic development, housing, and the appropriate support operations to facilitate these responsibilities. Another deputy should have responsibility for general administrative services, consisting of all other City Hall and staff departments and functions.

The President/Mayor will be the head of this team and provide leadership and direction to it. This structure will free the President/Mayor to function more effectively in the three spheres for which he is responsible.

#### Local Economic Development

Both housing and public infrastructure are closely tied to the broad policies of economic development. Indeed, they are

essential ingredients of local development strategies and their quality and quantity either add to or detract from a city's competitive position.

Slupsk will soon own a substantial portion of the land and buildings in its jurisdiction, like other cities in Poland. How the city manages its real property--housing, community facilities, public improvements and vacant land--becomes a central issue. The decisions the City Government makes on the ownership and use of these holdings will have a profound affect on the economic and social structure and vitality of the city. The services provided to the holdings and the access the holdings have to public facilities and improvements will substantially affect the economic value of the holdings.

The team recognized the opportunity to relate recent U.S. local government experience to the situation in Slupsk. In the last decade many leaders in local public economic development have begun to apply techniques of "asset management" to the public real property inventory of their community. The practice has emerged as tax resources have become restricted, assistance from state and federal government sources has been reduced, and the competition among local economies for investment and jobs has become keener. Asset management increasingly is being used as a tool to help guide capital expenditures and to help manage operating expenditures.

As local governments have become active participants in economic development, they have begun to plan and allocate capital investments to stimulate private and other public investment. Of course, other considerations like public health, safety and convenience are major considerations, but the use of public improvement and facility investments are often made as they affect private development and job creation. Thus, the financing and timing of public capital investment, like asset management, become part of the web of local government initiatives that support and facilitate private initiative.

Furthermore, U.S. local government experience in economic development over the past three decades has expanded local government initiatives into providing service assistance, in addition to financial help, to business enterprise and investors. Today, local economic development strategies and initiatives cover a broad range of technical, regulatory and financial assistance to the private sector, all to bring benefit to the local economy.

The circumstances in Slupsk afford an opportunity to adapt local government economic development experience in the U.S. (and several other market-based and mixed economies). As an illustration of the circumstances in Slupsk, the 1990 land/building registry (which covers only 16.7 of the 26.7 square miles of the city) shows that 9% of the land area is in

individual, private holdings, 7% is public lands/buildings under 99 year lease to cooperatives and private entities, 10% is held by state enterprises, 29% is for disposal by local governments (of which 58% is in agricultural or forest designation), and 10% is in "state" or social uses. Clearly, local government has control over major real property assets in the city, a situation that requires the early development of strategies and processes for managing its extensive portfolio.

Slupsk officials are aware of both the need and the opportunity to development a strategy for managing these assets:

- o Presently underway is the taking of an inventory of land and buildings held by local government and those being transferred from the state to local government control. (In examining the inventory format, the team observed that additional information on use, condition, etc. should have been collected at the same time in order to establish an asset management program).
  
- o In the development stage is the formation of an agency or foundation, jointly created by the local governments in Slupsk and Ustka and the business community, which will (a) do economic development consulting--to the jurisdictions and the business community, (b) develop program and policy proposals for environmental protection, (c) propose

recommendations for improving local government organization and information services.

o Another project involves the development of single family detached and semi-detached housing being built on public land made available at a reduced price--with some of the site donated--on which the developer is building low-density housing to be given to the city as communal housing in return for the reduced/donated land price to the developer.

o On a case basis, the city is pursuing joint ventures and soliciting business development using its land and building inventory as its equity contribution to the project.

These activities confirm the local awareness that community assets are significant factors in economic development, but they also reveal that important opportunities for strategic planning are being short-circuited in an effort to bring early investment and revenues.

Another aspect of recent U.S. experience in local economic development is the recognition that data routinely collected to help perform various government functions can also be helpful to the encouragement of investment and the creation of jobs. In Slupsk, data collection, reporting and access are currently designed to assist the bureaucracy in the performance of its

duties and to report to the other levels of government. They are not designed to serve self-government or a market-based economy.

As Slupsk initiates the modernization of its record and information systems, a major factor in the design should be their access and utility to the public and private sectors as they seek investment and economic growth. Several areas of data, like labor force quality and quantity, cultural and institutional resources, raw materials and manufactured goods, assembly and distribution capacity are presently available but for the most part are difficult to use in business and public strategic planning. Yet a command of these data is essential to the development and fulfillment of local economic development plans.

Not only are the data and information systems in need of reshaping, so to are the regulatory, planning, budgeting and management systems. These systems also need to be fashioned both to govern and to support private initiative, making the local government the facilitator, and sometimes the partner, in generating economic opportunity and vitality.

Essential to the effective application of these changes is the training of local government staff to a very different system of governance which will operate in an economy that relies, first, on individual initiative. As the team conducted its interviews, great gaps in perception and understanding were revealed. Among

those in the public sector and in the private sector, some understood the full import of the order of change demanded, others not at all. In the public sector, there is a gap between the elected leadership and the bureaucracy that must be bridged; in the private sector, there is a some shortage of technicians. In both sectors, the most critical shortage is in people trained to manage in a market-based economy and an environment of self-government.

Because housing, public infrastructure and local economic development activities are reciprocating programs as far as the households, the businesses, the investors and users of the city are concerned, it is important for Slupsk to move on this front, as well. The team recommends several actions be initiated:

- o Refine the property inventory project now underway to include the collection of data on the use, useful life, cost of maintenance, estimated value of each property.

- o Concurrently, develop and install an "asset management" program for city held land and buildings. (Because cities have become the owners of extensive holding in land and buildings, it may be useful, to explore the use of tool used by the private sector in the United States and now be adopted for use by local governments in America: asset management. Asset management provides local governments

with techniques for inventoring their real property, identifying options for how best to maintain, modernize or upgrade, put to other uses or dispose of to private use, including joint-ventures). Included in the program would be policies and procedures for determining when and how to dispose of property, how and for what to use the proceeds capital investment, operations, leveraging, cultural or social investment, etc.

o Design and implement a community resource analysis and marketing program. Identify community resources (like public-held property) that may be deployed to leverage new investment, facilitate and market economy and increase per capita income. Several categories of resources come to mind: (1) human resources--the type and level of marketable skills and knowledge in the local labor force; the extent of market-oriented experience in the economy; the type and quantity of specialized skills like teaching and training or marketing and communications; (2) cultural/historical resources--particularly those that may/can contribute to the attraction of tourists, visitors, or, more importantly, add to the "quality of life" index of Slupsk as an investment location; (3) Communal resources--ranging from those publically held assets that are essential to industry and trade--transport, water, waste treatment and electric power, to public facilities like sport centers, libraries, parks,

schools and hospitals; (4) institutional resources--the traditional ones, such as educational, cultural, artistic or social organizations, and others that are formed to foster professional, social or cultural interests and function as free associations; (5) economic resources--raw materials, agricultural products, manufacture, assembly, warehousing and distribution capacity, professional and technical services, banking and finance. And develop a program for marketing these resources.

o establish and operate a "Small Business Development Center". As noted earlier, local governments are developing services to assist the formation and operation of small businesses. The services range from training in business management, operation and finance to assistance in export trading, business incubation and employee training. Slupsk, as a growing regional center needs to develop as a service center.

In addition, Slupsk needs to assist the housing development and renovation industry by encouraging the development of a center to provide information, technical assistance and counselling services for homeowners, prospective purchasers and renovators and small contractors.

Finally, as support for economic development, the city records

and information systems should be designed, in part, to assist the individual citizen and the business community to expand individual opportunities.

Communal Housing Organization

The Communal Housing Enterprise, a national and voivodship government founded corporation, is responsible for the maintenance and operation of some 12,000 units of communal, or public, housing and almost 700 non-residential leases in communal properties in Slupsk. The Enterprise also maintains and manages 166 units in a small adjacent community.

The Housing Enterprise was exploring the reorganization of its operation in the fall of 1990. And the City Council was about to launch a Housing Study Group to examine and recommend changes in the operation of the Enterprise now that its property is to be transferred to the City.

Presently, the Enterprise is organized with a fifteen member employees advisory board, a director's office, four divisions and a staff of some one hundred fifty-five. In the descriptions which follow, U.S. terminology is used and generally is functionally equivalent to that employed in Slupsk. The staff levels are as reported to the team, however, as in other reports on staffing, there may be undercounting due to distinctions in accountability or structure that were not properly clarified during the inquiry.

The Division of Maintenance, Repairs and Technical Services is responsible for the preparation of plans and specifications relating to new construction, renovation and major repair, the maintenance of supplies and the central warehouse, regular building and grounds maintenance/repair, and the carpenter shop (they make and repair windows, screens, etc). The division reports 15 administrative positions (8 currently filled) and 16 positions staffing the carpenter shop, central warehouse and major repairs unit. (Reorganization proposals show craftsmen under a comparable division and also in the management division, raising the question of whether these personnel are fully accounted for in the above)

The Management Division has a central administrative staff of 10 positions responsible for management operations, inspections, complaints (recall that the City's housing Department receives complaints on Enterprise operations as well--the distinctions are not clear), data and information relating to occupancy, etc. Enterprise field management operations are organized into five geographical districts in Slupsk, plus a partial office in the adjacent community. The five districts range in size from 1,888 to 3,255 units and the staffs range from 10-13 positions. There is also an operation-wide, two-person emergency crew to provide around-the-clock service. Each district office houses a management staff and a maintenance and repair staff in addition to the district manager.

8/1

The Finance Division has two principal branches--Finance/Accounts and Administration/Economics, with a staff level of 26 and 11, respectively. The accounting function is divided into three sections covering rents, supplies, and cost accounting. Finance, budget, administrative services (some) and transfer payments (to/from government) are each handled by a section of the division. The division functions entirely at the central office level.

The functions of the Engineering Division were not clearly defined. The division is presumed to be responsible for the rolling stock and equipment, and, perhaps, some of the mechanical systems. The division has a total complement of 6, three at the central office, three in the field.

In the Director's Office are located general administration, legal, labor relations, civil defense and public information communication functions. The Office has a staff of 10, including the Director.

The Housing Enterprise's proposals for reorganization contain some interesting changes. For example, the charts reflect not only the continuation of the Workers Advisory Board, but now call it the Workers Council. Also to be established is a Staff Delegation which is to hold regular meeting with management. (The roles of the two groups were not distinguished in reports received by the team). The Enterprise Director is to assume the

overall management of the district offices with the administrative functions earlier performed by the Housing Management Division to now be handled by a strengthened Administration Division. Introduced in the new organization are branches responsible for property disposition and for computer functions to be located in revamped Technical Services and Finance Divisions, respectively.

The reorganization plans call for staffing levels at some 190 personnel with the bulk of the increase proposed in the Technical Services division where maintenance and repairs will double in size. The sharp staff increase may reflect the volume of criticism reported on Enterprise's maintenance/repair performance, but certainly it is a response to the deteriorating condition of the communal stock.

List of Some of the Persons Interviewed in Slupsk.

1. Alojzy Bilor, Director, Communal Housing Enterprise, Slupsk.
2. Mr. Borowik, Assistant Director, Communal Housing Enterprise, Slupsk.
3. Maria Dziegielewska, Director, Land Survey Department in City Hall, Slupsk.
4. Piotr Gackowski, Owner, small electronic business.
5. GROGOSZ, Messrs. Szreder, Zydrom et al, a food processing, building systems, surveying and mapping conglomerate (formerly a voivodship enterprise).
6. Stefan Hnatiuk, City Council member, Slupsk.
7. INTERBAU-NORD, a building components, materials, construction company, with managing director, Slupsk.
8. POLONIA, a building component manufacturing plant, formerly a state enterprise, with managing director and principal staff.
9. Mr. Rybczynski, Director, Office of Physical Planning, City Hall in Slupsk.
10. SPB, the state building enterprise now spinning off private and joint venture organization, with the President of Slupsk.
11. Marta Wlodarczyk, Director, Administration and Management Office, City Hall in Slupsk.
12. Ryszard Wojtkowiak, Vice President, City of Slupsk.
13. Kazimierz Zydron, Managing Director, GEOPLAN, a mapping and surveying private company, (a part of GROGOSZ).

45

14. Tadeusz Koper, Director Streets/Sanitation, Przedsiębiorstwo Gospodarki, Komunalnej, Slupsk.
15. Michel Korotki, Wojewodzka Dyrekcja Drog Miejskich, Slupsk.
16. Wieslaw Kurtiak, Prezydent Miasta Slupska, Slupsk.
17. Ryszard Kubacki, Vice Prezydent Miasta Slupska, Slupsk.
18. Beata Lema-Levandowska, Teacher, Ustka.
19. Jerzy Mazurek, Director Sports Facilities, Pstrowskiego 6/47, Slupsk.
20. Jan Narkowicz, Director, Parks Maintenance, Cemeteries, Forests, Miejskie Przedsiębiorstwo Zieleni, Slupsk.
21. Krzysztof Pedzich, Tourist Agency, Slupsk.
22. Krystyna Sawka, Teacher, Slupsk.
23. Andrzej Szczepanski, Wojewoda Slupski, Governor, Slupsk Voivodship.