
Contracting in urban public transport

Appendix: Contract Tables

Submitted to EC – DG TREN
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***Contracting in urban public transport
(appendix: contract tables)***

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1 Template

The following template is used to present in a synthetic manner contractual practices that are currently encountered in Europe.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Describe briefly the authority/ies involved and their responsibilities (union of authorities, planning capacities, etc.) ◆ Describe briefly the operators involved (ownership, level of competition, etc.) ◆ Describe briefly how the transport service is being initiated (authority initiative by law, market initiative by law - public operator or free market, etc. See reference framework) 	<p><i>This column is used for two purposes:</i></p> <ul style="list-style-type: none"> ◆ <i>Provide additional relevant information about the contractual feature, presented succinctly in the column 'main description'</i> ◆ <i>Illustrate variations on that contractual feature, if needed.</i>
General description of the contract type	<p>Present briefly the contract type. Present whether allocation of both cost and revenue risks in a single unit, or in separated units, i.e. single risk versus multiple risks. Add information on the contract length.</p>	
Awarding procedure	<p>Indicate how the contract was awarded (European legal text and national legislation and procedure used: direct award, competitive tendering, which kind, etc.)</p>	<p>Additional relevant information on the relationship between the national legislation used and the existing European legislation.</p>
Regime for Public Service Obligations	<p>Present briefly the legal feature used for the Public Service Obligations. Note that this may be several features, possibly in combination with each other (such as a contract, a financial allocation decision, an authorisation, or other legal features specific to the country studied)</p>	
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ Describe briefly the main public transport policy goals (Why does the transport authority intervene in public transport? influencing mode choice? Reducing air pollution?...) ◆ Describe briefly the specific contract goals that may come in addition to the policy goals (Realise a specific investment in new infrastructure? Privatising the existing public operator? Solving a financial crisis dating from the previous regime?...) 	
Service definition (tactical level)	<p>Describe the allocation of tactical competences between authority and operator. This should include at least the following:</p> <ul style="list-style-type: none"> ◆ How much of the service design (routes, timetable, fares) is defined by the authority <u>before the contracting/tendering process?</u> ◆ How much of the service design (routes, timetable, fares) is defined by the (candidate) operator <u>during the contracting/tendering process?</u> ◆ How much freedom to change service design (routes, timetable, fares) does the operator have <u>during the contracting period?</u> 	
Service production (operational level)	<p>Describe the allocation of operational competences between authority and operator. One example: are operational decisions (such as the allocation of vehicles to the timetable) predetermined by the contracting body, or does the operator decide on this autonomously?</p>	
Regime for changes in production quantities or contract amendments during	<p>Describe the contractual features used (if any) to allow the authority to request changes of production quantities or other</p>	<p>Indicate the maximum extent of the changes of the contract that can be made without needed to re-tender or otherwise review the</p>

	Main description	Remarks and variations
the contract period	contract amendments (production quality, etc.) during the contract period	relationship
Ownership	Present briefly the arrangements concerning the ownership of assets (distinguish between infrastructures, other installations and vehicles by mode)	
Status of the personnel	What is the status of the personnel in the case of a change of operator at contract termination? (compulsory take-over or not)	Present the main information on the transfer of workers rights from the old to the new operator (general agreements, local company rules, etc.). What are the legal obligations in the country concerned? Did the authority introduce requirement above this?
[Make one table row for each risk component in the contract: ♦ cost, ♦ revenue ♦ and/or expected deficit]	Present the main financial elements of the contract: ♦ the source of each financial component (<i>which</i> authority, the passengers,...) ♦ the incentive mechanism related to each of these components (if any...). Distinguish when relevant between: ♦ Cost components when relevant (operations, investments, infrastructure maintenance, etc) ♦ Revenue components Present clearly the usage of proxies/measurements (such as passenger satisfaction indexes, etc.) when relevant, and present the related financial incentives.	Add here information on (if applicable): ♦ Sharing of risks beyond thresholds ♦ Indexation clauses
Contract price and level of risk	♦ Indicate the contract price (if not commercially secret) ♦ Visualise the source of financing and size of the risk components by showing the percentage of total payment to the operator that is submitted to variation (i.e. lump sum share versus variable part) and the maximum possible extent of this variation. ♦ When commercial secrecy makes it impossible to communicate prices and other financial incentives, attempt to provide general (expert) opinion as possible on levels of cost-coverage (including definition of items included in costs and revenues), and other items that may be relevant to illustrate the Contract price and level of risk	Add information on contractual and factual possibilities for contractual renegotiation to give an indication of the 'hardness' of the risk.
Monitoring provision	What are the procedures that have been agreed (if any) to monitor correct contract execution?	
External factors	Present briefly external factors that may affect the contract substantially (level of exclusivity, contractual commitment by the authority, such as transport policy related issues, etc.)	

2 Amsterdam (NL): Direct award with competitive threat

Net-cost contract for the management of the urban public transport network of Amsterdam (1.4 million inhabitants in the City Region of Amsterdam, about 740 000 inhabitants in the city of Amsterdam). The assets (vehicles and installations, including bus, tram and metro infrastructures) are currently owned by the public operator. The contract was awarded for the period 2006-2011 in direct award with a threat of a competitive tendering procedure if the existing municipal operator was not able to deliver bid under market conformity. The operator is submitted to both cost and revenue risk and also to some additional financial incentives.

Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ GVB operates bus, tram, light rail ('sneltram'), metro lines as well as ferry connections within the Amsterdam metropolitan area. The specified contract entails bus, (snel-)tram and metro transport. Ferry transport is regulated through specific contracts. ◆ The contract is valid from January 2006 until December 2011. The City Region of Amsterdam has the power to stop the contractual period in 2008 if it is dissatisfied with GVB's performance. ◆ Until 2005, concessions for transport in Amsterdam were granted by the municipality of Amsterdam.
General description of the contract type	<ul style="list-style-type: none"> ◆ The concession granted to GVB can be described as a net cost contract. ◆ GVB receives an annual basic allocation, based on the provision of services as specified in the Schedule of Requirements (including the amount of timetabled vehicle-hours) and the realisation of specific service standards. ◆ Separate allocations exist for specific themes, such as security (conductors on each tram) and infrastructure management. ◆ The total sum of all allocations (including infrastructure management) equals approx. €220 mln/year. ◆ The contract was awarded for a period of three years between 1 January 2006 until 31 December 2008. The contract period can be prolonged until 2011.
Awarding procedure	<ul style="list-style-type: none"> ◆ The first phase was established to determine whether GVB would be able to reach market conformity by 2008. This was done through organising a pseudo competitive tendering procedure whereby the GVB had to deliver a bid that would be evaluated against a secret reference point (the benchmark). This bid was to be based upon the existing Schedule of Requirements (transport policy aims). Real competitive tendering remained an option if this bid proved to be insufficient in comparison to the benchmark. As GVB's bid proved to be within the requested limits, the procedure could enter into the second phase. ◆ In the second phase, that took place in

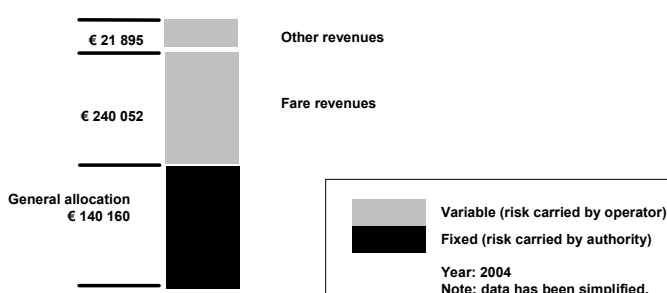
Main description	Remarks and variations	
	2005-2006 was conducted in negotiations between GVB and the City Region of Amsterdam on the basis of an updated Schedule of Requirements (updated transport policy aims). It led to a result where GVB accepted to provide better services and to be submitted to a sharper bonus and penalty regime, against a similar compensation.	
Regime for Public Service Obligations	Contract (“concession”)	
Policy goals and contractual goals (strategic level)	Public transport should contribute to the authority’s main policy goals: creating a healthy and sustainable economy in the region as well as increasing quality of life for its inhabitants. None of these goals are specifically mentioned in the contract.	
Service definition (tactical level)	Timetable and network adjustments are initiated by GVB and approved by the authority. These adjustments have to fulfil the minimum requirements as specified in the contract.	
Service production (operational level)	GVB is fully responsible for the operational level of its service and is free to make decisions on the operational level during the contracting period.	
Regime for changes in production quantities or contract amendments during the contract period	The contract mentions several specific situations in which the contract can be changed by the authority. These situations include major changes in neighbouring contract areas and changes in legislation.	In these cases the authority and GVB will negotiate about changes in the contract. However, the authority can impose changes in the contract as long as it does not lead to negative economic changes for GVB
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Road infrastructure is owned by either national, provincial or municipal governments. Rail infrastructure (metro and tram) in the area is owned by the municipality, who pays for new investments, but can request subsidy from the City Region of Amsterdam. ◆ Vehicles and other installations: Vehicles and workshops are owned by GVB through a separate subsidiary company of GVB. 	<ul style="list-style-type: none"> ◆ GVB is responsible for operations and maintenance of the municipal railway infrastructure and receives financial allocations from the municipality for this. The City Region of Amsterdam transfers money to the city for this purpose. ◆ The separate subsidiary of the GVB (rolling stock and workshops) will be sold to the municipality if this is needed to realise a level playing field in the coming tendering.
Status of the personnel	Dutch legislation demands compulsory takeover of personnel in the case of a change of operator at contract termination.	
Cost	<ul style="list-style-type: none"> ◆ Operational costs: GVB carries the risk on operational costs: personnel, energy, maintenance, etc. ◆ Investments: GVB is responsible for investments in rolling stock and other operational assets. The authority is responsible for all investments in rail infrastructure. Investments in bus infrastructure are generally carried out by the various municipalities, in some cases using subsidies from the authority. 	
Revenues	GVB carries responsibility for passenger revenues. GVB however only has very limited control over the passenger tariffs. For the most part it is bound to the National Tariff Scheme (Nationale Vervoerbewijzen, NVB)	The National Tariff Scheme is based on a nationwide, zonal system. It will be replaced by a national smartcard system (OV-Chipkaart), to be implemented during the next five years. After implementation, authorities and operators will have more freedom in setting passenger tariffs.

Main description	Remarks and variations
<p>Contract price and level of risk</p>	<p>Additional allocation for security measures EUR 47 million</p> <p>Passenger revenues EUR 139 million</p> <p>General allocation + additional allocations for specific themes EUR 118 million</p> <p>TOTAL: EUR 304 million</p> <p>General allocation is based on a fixed, indexed price per timetabled</p> <div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>■ Variable (risk carried by operator)</p> <p>■ Fixed (risk carried by authority)</p> <p>Year: 2005</p> <p>Note: data has been simplified.</p> </div>
<p>Monitoring provision</p>	<p>(Operational costs, excluding infrastructure management of about € 52 mln/year).</p> <p>Monitoring controls the operation of the agreed number of timetable-hours per route, punctuality, the number of realised planned connections, the occupancy rate and passenger satisfaction. A bonus/penalty system is in place.</p>
<p>External factors</p>	<p>GVB is the only party allowed to operate public transport in the Region. GVB has, however, to allow operators of neighbouring areas to operate services into Amsterdam. These services are specified in the concession.</p>

3 Barcelona (E): Direct award to public operator

Program contract between ATM (authority) and TMB (operator) for the provision of the urban public transport network of Barcelona (1.7 million inhabitants); contracts signed for 2 year periods (about € 140 mln/year). The operator is submitted to both cost and revenue risk.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: The Metropolitan Transport Authority (ATM) is a inter-administrative consortium of voluntary nature created in 1997, formed by the Autonomous Government of Catalonia (51%) and local administrative bodies: Barcelona City Council (25%) and Metropolitan Transport Entity (EMT) (24%). The national state has an observer role. ◆ Operator: TMB, shareholding society owned by EMT. TMB is formed by two companies (Transports de Barcelona and Ferrocarril Metropolità Barcelona) each one with legal entity. TMB provides metro and bus urban services. ◆ Initiative: authority initiated regime. 	<ul style="list-style-type: none"> ◆ The purpose of the ATM is to promote cooperation between the public Administrative bodies providing the public transport services and infrastructures in the area of Barcelona. ATM carries the function of financial leverage and acts as the central financial axis.
General description of the contract type	<p>Framework contract that states the obligations of each part: it describes ATM financing contributions, and TMB obligations in terms of:</p> <ul style="list-style-type: none"> ◆ Production (vehicle-km for each year) ◆ Investments to be made in terms of rolling stock and vehicles ◆ Installations ◆ Quality of service (accessibility, services adapted to people with reduced mobility, reliability, security, customer care, integration with bicycles, comfort, information) ◆ Financing and management of the organisation (costs) ◆ Ticketing ◆ Objectives of demand increase 	<p>Contracts are valid for periods of 2 years, the first one signed in 1999. Due to delays in the signature of the financial agreements between ATM and the consortium entities, the framework contracts with operators were not renewed according to the original schedule. However contractual principles are maintained and payments made accordingly (ATM approves the operator annual planning and budgets and proceeds with the payments).</p>
Awarding procedure	No competition. Operators under direct management (commercial company owned by EMT)	
Regime for Public Service Obligations	<p>Contractual obligations in terms of:</p> <ul style="list-style-type: none"> ◆ Production (vehicle-Km for each year) ◆ Investments to be made in terms of rolling stock and vehicles ◆ Installations ◆ Quality of service (accessibility, services adapted to people with reduced mobility, reliability, security, customer care, integration with bicycles, comfort, information) ◆ Financing and management of the organisation (costs) ◆ Fares and ticketing ◆ Objectives of demand increase 	
Policy goals and contractual goals (strategic level)	Achieve environmental related goals and increase modal share for public transport. ATM is responsible for the definition of investments, market share, mobility levels	
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ Routes and timetables are proposed by the operator and approved by ATM, that is responsible for the integration planning. ◆ ATM is responsible for the definition of integrate fare system as well as for the collection and sharing revenues among opera- 	ATM assures the overall co-ordination of public transport services within the metropolitan region as well as the development and planning of the infrastructures investments (PDI) and services (PS). This last plan of services assures the co-ordination of all transport services independently on the

Main description	Remarks and variations													
<p>tors.</p> <ul style="list-style-type: none"> ◆ Authority is also responsible for communication and users information 	<p>modes and work as a tool for tariff integration.</p>													
<p>Service production (operational level)</p>	<p>Operational decisions are left to the operator</p>													
<p>Regime for changes in production quantities or contract amendments during the contract period</p>	<p>-</p>													
<p>Ownership</p>	<ul style="list-style-type: none"> ◆ Infrastructure: road infrastructure is owned by the municipality ◆ Vehicles: Owned by the operator ◆ Other installations: Owned by the operator 													
<p>Status of the personnel</p>	<p>-</p>													
<p>Revenue components</p>	<ul style="list-style-type: none"> ◆ Passenger revenues: collected by ATM and paid to operator. ◆ Debt amortisation: commitments by the administrations concerning the financial reorganisation of the company, that establishes allocations until 2009 	<p>Contract foresees commitments for demand increase (1,2% in the three year period) as well as for cost ratio coverage (1,7% average)</p>												
<p>Cost components</p>	<ul style="list-style-type: none"> ◆ Operational costs: operator carries the risk on operational costs (personnel, maintenance) ◆ Investments: Operator is responsible for investments in rolling stock and other operational assets. Municipality is responsible for the investment in road infrastructure 													
<p>Contract price and level of risk</p>	<p>Operational and revenue risks borne by the operator. Financial compensations: established as a lump sum at the beginning of the contract period and paid annually</p>													
<p>Level of risk – TMB (Barcelona, Spain)</p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Category</th> <th>Value (€)</th> <th>Risk Type</th> </tr> </thead> <tbody> <tr> <td>Other revenues</td> <td>21 895</td> <td>Variable (risk carried by operator)</td> </tr> <tr> <td>Fare revenues</td> <td>240 052</td> <td>Variable (risk carried by operator)</td> </tr> <tr> <td>General allocation</td> <td>140 160</td> <td>Fixed (risk carried by authority)</td> </tr> </tbody> </table> <p>Year: 2004 Note: data has been simplified.</p>			Category	Value (€)	Risk Type	Other revenues	21 895	Variable (risk carried by operator)	Fare revenues	240 052	Variable (risk carried by operator)	General allocation	140 160	Fixed (risk carried by authority)
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Other revenues	21 895	Variable (risk carried by operator)												
Fare revenues	240 052	Variable (risk carried by operator)												
General allocation	140 160	Fixed (risk carried by authority)												
<p>Monitoring provision</p>	<p>Every 3 months TMB provides the authority with information on</p> <ul style="list-style-type: none"> ◆ Economic and financial follow-up: results and costs coverage, investments, financial and management commitments ◆ Service follow up: supply (services done/foreseen), demand (number of passengers), commitments over installations functioning, quality commitments 													
<p>External factors</p>	<ul style="list-style-type: none"> ◆ TMB has the exclusivity for urban and metro transport. ◆ Interurban transport have been awarded through competitive tendering under the interest management system (with progressive introduction of cost risk and commitment to an annual number of passengers, quality, as well as with incentives and penalties schemes) 	<p>The construction and operation of the new tramway line (Diagonal-Baix Llobregat Tramway) - BOT contract - was based on a competitive tendering procedure, for which the operators (TMB+FGC) had to compete (in spite of the existent exclusivity). The winning consortium is a PPP with the following participations: 20% TMB+FGC and 80% private.</p>												

4 Brussels (B): Direct award to public operator

Contract with a public operator for the urban public transport network of the Brussels agglomeration (1 million inhabitants): The contract (about €300 million/year) was directly awarded for the period 2001-2005. The public operator is submitted to the production cost risk and revenue risk, with various financial incentives.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: the Brussels Capital-Region (Région de Bruxelles-Capitale / Brussels Hoofdstedelijk Gewest) is one of the three administrative regions of Belgium, besides the Belgian national government. The Region is responsible for organising public transport in its area. ◆ Operator: Société des Transport Intercommunaux de Bruxelles (STIB) / Maatschappij voor het Intercommunale Vervoer te Brussels (MIVB) is an 'organisation of public interest fully owned by the Region. ◆ Initiative: authority initiated regime 	<ul style="list-style-type: none"> ◆ STIB operates bus, tram and metro lines throughout the Brussels Capital-Region. ◆ A few services from the transport companies of the two other regions penetrate the Brussels territory.
General description of the contract type	<ul style="list-style-type: none"> ◆ The contract can be described as a net cost contract. ◆ STIB receives an annual basic allocation (EUR 295 538 660 in 2001). This allocation includes a proxy for passenger revenues (see below). ◆ The contract entered into effect on 1st January 2001 and formally ended on 31 December 2005. However, in the absence of the signature of a new contract by this date, the contract is automatically extended each year. 	<ul style="list-style-type: none"> ◆ There are additional allocations for specific themes, including security and financial transparency (increasing the financial and accounting transparency of costs and financial flows, broken down according to traffic mode (metro, tram bus)). ◆ The allocation received by STIB is corrected for inflation on an annual basis.
Awarding procedure	<ul style="list-style-type: none"> ◆ The contract was directly awarded to STIB, without competitive tendering. 	<ul style="list-style-type: none"> ◆ The awarding procedure was carried out according to the draft regulation of the European Parliament and the Council on action by Member States concerning public service requirements and the award of public service contracts in passenger transport by rail, road and inland waterway (COM (2000) 7 final 2000/0212 (COD))
Regime for Public Service Obligations	<ul style="list-style-type: none"> ◆ Contract. 	
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ The contract specifically refers to the Region's 'IRIS'-whitepaper on mobility in the region. This whitepaper includes several concrete goals on public transport, including a substantial increase of its modal share. 	<ul style="list-style-type: none"> ◆ Public transport should reach a 41 % modal share in commuter traffic by 2010 (1999: 31 %), 50 % in school traffic (1999: 48 %) and 37 % in other traffic (1991: 29 %) ◆ Besides its responsibilities in the tactical and operational levels of mobility and public transport, the STIB also has certain responsibilities on the strategic level: it has a duty to participate and advise in the works of the Region at this level.
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ STIB carries part of the responsibility for the tactical level. Network adjustments are initiated by STIB and approved by the Region. STIB has to fulfil a minimal service level as described in the contract. 	
Service production (operational level)	<ul style="list-style-type: none"> ◆ STIB is fully responsible for the operational level of its service 	
Regime for changes in production quantities or contract amendments during the contract period	<ul style="list-style-type: none"> ◆ The contract can be changed by the addition of clauses, in particular to take account of a potential revision of the IRIS whitepaper, realization of new railway infrastructure or developments in the regula- 	

Main description	Remarks and variations
	<p>tory framework. This can have consequences for the resources allocated to STIB.</p>
<p>Ownership</p>	<ul style="list-style-type: none"> ◆ Infrastructure: Road infrastructure is owned by the Region or local municipalities. All rail infrastructures (tram and metro) are owned by the operator. However the civil engineering work of the metro (tunnels, etc.) is owned by the Region. ◆ Vehicles: Vehicles are owned and paid for by STIB. The authority however paid some expansions to the metro rolling stock. ◆ Other installations: workshops are owned by STIB.
<p>Status of the personnel</p>	<ul style="list-style-type: none"> ◆ No specific requirements regarding take-over of personnel are mentioned in the contract.
<p>Cost</p>	<ul style="list-style-type: none"> ◆ Operational costs: STIB carries the risk on operational costs: personnel, energy, maintenance, etc. ◆ Investments: the Region is responsible for investments in both rolling stock and infrastructure. In addition, the Region is also responsible for regular maintenance of infrastructure.
<p>Revenues</p>	<ul style="list-style-type: none"> ◆ STIB carries responsibility for passenger revenues. STIB is free to determine passenger tariffs, within limits set by the Region. These limits include a maximum yearly increase in tariffs as well a check by the Region whether the proposal does not violate the goals set by the region. ◆ The basic allocation awarded to STIB is partly dependant on passenger revenues. Higher passenger revenues will lead to a higher allocation, except if the increase is caused by an increase in fare level. However, the variations are limited and range between [inflation + 0,5 %] and [inflation + 1,5 %]. ◆ There are several additional proxies regarding realised production levels, operational quality and financial transparency. These can generate additional revenues of up to 4.400.000 euro/year for STIB. The proxies can also result in a penalty of up to 200.000 euro/year.
<p>Contract price and level of risk</p>	<p style="text-align: center;">TOTAL: EUR 369 million</p>

	Main description	Remarks and variations
Monitoring provision	Several monitoring provisions are in place. These include provisions for monitoring all the issues that are subject of a proxy. However, several more provisions are in place. These include evaluation mechanisms regarding customer satisfaction (measured through questionnaires) as well as a benchmark comparing STIB to other operators.	
External factors	STIB has committed itself to reach the strategic, mobility-related goals set by the Region in its IRIS whitepaper. At the same time, the Region has a commitment to ensure that it does not make any agreement with other parties that would violate these goals. In addition, the contract details about specific infrastructure upgrades that the Region will realize in order to reach these goals.	STIB is the only party allowed to operate public transport in the Region. Operators from other Belgian regions (De Lijn, TEC) are allowed to run services into the Region through special agreements between the Regions. In addition, STIB negotiates with the other operators about integration of their services.

5 Budapest (H): Direct award to public operator

Contract with a public operator for the urban public transport network of the Budapest agglomeration (1.7 million inhabitants) for a period of 8 years. The public operator is submitted to the production cost risk and revenue risk.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: City of Budapest ◆ Operator: BKV is 100% owned by the City of Budapest. BKV is the monopolistic operator for all public transport services except regional train and long distance busses ◆ The operator initiates the transport services and the timetable. 	<ul style="list-style-type: none"> ◆ 1 700 000 inhabitants of the city of Budapest on 525 square kilometres ◆ Transport mode concerned: Underground, rapid light rail, tram, bus, trolleybus, ferry, cable car, cog railway
General description of the contract type	Net cost contract for 8 years. The city of Budapest and the state of Hungary are paying BKV a so called "PT Compensation", this is the basic payment. The whole fare revenue goes to BKV. As the sum of revenues does not cover the total costs, the resulting deficit is actually financed by a growing debt of BKV.	
Awarding procedure	Direct awarding	
Regime for Public Service Obligations	PSO is a contract between the authority and the operator. The contract regulates the service competences, the service amounts, and the rules for subsidy payments.	
Policy goals and contractual goals (strategic level)	<p>Policy goals:</p> <ul style="list-style-type: none"> ◆ Adjusting the awarding according to the EU-regulations, regulation of the financial situation of BKV, so it started on 30th of April 2004, just before the accession of Hungary to the EU ◆ Further continuing on direct awarding, according to the EU-law. <p>Contract goals:</p> <ul style="list-style-type: none"> ◆ providing good quality within PT by sustainable transport modes ◆ improvement on the quality of life of the inhabitants ◆ creating a transparent payment system between the city and BKV 	
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ The operator plans the routes and timetables, which only need the acceptance of the authority. ◆ The operator is responsible for information about the service, including selling and controlling of the tickets and the providing of statistics. ◆ The fares are determined by the authority. 	
Service production (operational level)	All operational competences are at the responsibility of the operator	
Regime for changes in production quantities or contract amendments during the contract period	The payment is fixed every year. If the City has not enough money to compensate the deficit of the operator, the service amount can be renegotiated.	
Ownership	<ul style="list-style-type: none"> ◆ Railway infrastructure, vehicles (buses and trams) and maintenance facilities: Ownership of the operator. ◆ Regular streets are under the responsibility of the 23 districts. ◆ Main streets are under the responsibility of the town council. 	
Status of the personnel	No specific regulations	It was always the same company operating.
Revenue components	All revenues regarding public transport are collected by BKV (fare revenues, subsidies for	The subsidies from the City to the operator (the amount of the state subsidies for PT and

Main description		Remarks and variations																					
	reduced fares, general subsidies by the state, subsidies for infrastructure investments by Budapest, further smaller subsidies from districts and neighbouring cities)	the subsidies for infrastructure investments by the City) are called “calculated compensation”. The calculated compensation for the next year is always calculated before the 30 th of November of the present year. The calculated compensation is the difference between revenues plus regular subsidies and the whole operational costs of BKV plus a profit of maximum 4 % of fare revenues.																					
Cost components	<ul style="list-style-type: none"> ◆ The operator carries the whole operation costs. ◆ Big investments are done by Budapest, small investments by BKV. 																						
Contract price and level of risk	<p>In recent years, Budapest did not have enough budget to pay the whole calculated compensation amount.</p> <p style="text-align: center;">Level of risk – BKV (Budapest, Hungary)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>Other revenue</td> <td>HUF 17 590 million (EUR 70,3 million)</td> <td>Variable (risk carried by operator)</td> </tr> <tr> <td>Revenue from not public activity</td> <td>HUF 2 843 million (EUR 11,3 million)</td> <td>Variable (risk carried by operator)</td> </tr> <tr> <td>Bonus/malus</td> <td>HUF 120 million (EUR 0,5 million)</td> <td>Variable (risk carried by operator)</td> </tr> <tr> <td>Passenger revenue</td> <td>HUF 62 434 million (EUR 250 million)</td> <td>Variable (risk carried by operator)</td> </tr> <tr> <td>Investment subsidies</td> <td>HUF 11 872 million (EUR 47,5 million)</td> <td>Fixed (risk carried by authority)</td> </tr> <tr> <td>General allocation</td> <td>HUF 11 965 million (EUR 47,9 million)</td> <td>Fixed (risk carried by authority)</td> </tr> <tr> <td>TOTAL</td> <td>HUF 106 824 million (EUR 427,5 million)</td> <td></td> </tr> </table> <p style="text-align: right;">Range: ± HUF 120 million (EUR 450 000)</p> <p style="text-align: right;">BKV carries responsibility for passenger revenue</p> <p style="text-align: right;">Year: 2005 Note: data has been simplified.</p>	Other revenue	HUF 17 590 million (EUR 70,3 million)	Variable (risk carried by operator)	Revenue from not public activity	HUF 2 843 million (EUR 11,3 million)	Variable (risk carried by operator)	Bonus/malus	HUF 120 million (EUR 0,5 million)	Variable (risk carried by operator)	Passenger revenue	HUF 62 434 million (EUR 250 million)	Variable (risk carried by operator)	Investment subsidies	HUF 11 872 million (EUR 47,5 million)	Fixed (risk carried by authority)	General allocation	HUF 11 965 million (EUR 47,9 million)	Fixed (risk carried by authority)	TOTAL	HUF 106 824 million (EUR 427,5 million)		
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Monitoring provision	Controlling “in the field” two times a year.	The bonus/malus system is only put into effect if the city pays the whole “calculated compensation”.																					
External factors	City of Budapest provides exclusivity for BKV on PT services																						

6 Dijon (F) : Tendered network management contract

Contract for the management of the urban bus network of the Dijon agglomeration: The assets (vehicles and installations) are provided by the authority. The contract foresees the production of about 10 million bus-km/year for the period 2003-2008. The contract was awarded in a competitive procedure, including negotiation. The operator is submitted to the production cost risk and revenue risk, with various financial incentives.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ The transport authority is the “Communauté de l’Agglomération Dijonnaise” (Le Grand Dijon) groups 21 municipalities and 250 000 inhabitants on 209 km². It is responsible not only for transport but also for numerous other urban matters. ◆ The operator is Keolis (45% owned by the SNCF Group), through its local subsidiary STRD, operating under the “Divia” brand. ◆ Authority initiative regime. 	
General description of the contract type	<ul style="list-style-type: none"> ◆ The contract type is qualified as “contribution financière forfaitaire” for the management and operation of the urban public transport services, including school buses and services for mobility impaired. ◆ The operator is also charged to realise recurrent studies that the authority may require in the context of its public transport policy. 	
Awarding procedure	<ul style="list-style-type: none"> ◆ Competitive tendering procedure with pre-selection and negotiation, according to the French law. 	
Regime for Public Service Obligations	<ul style="list-style-type: none"> ◆ The contractual payment by the authority compensates for the public service obligations imposed upon the operator. 	
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ Policy goals: the urban transport plan aims at developing the alternatives to the car, at controlling the flows with neighbouring areas by favouring railway travel and at improving the quality of life of inhabitants. ◆ Contract goals: implement a new bus and updated bus network. Main aims were to ensure a better area coverage in a changing agglomeration, and a reduction of the pollution caused by the intense bus traffic in the city centre (investment in environmentally friendly buses, etc.). 	<ul style="list-style-type: none"> ◆ The new network was introduced 21 month after the beginning of the new contract after agreement by the authority of the proposal established by the authority’s service in collaboration with the operator. The network is based on strong, visible routes with high frequencies (5 to 10 minutes), complemented by normal and additional routes with lower frequencies. ◆ The previous contract period had seen a drop in usage of about 5% between 1997 and 2002.
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ The authority decides upon service supply, network development and fares, after taking into account the proposals made by the operator. The operator suggests amendments to the services and fares and calculates the financial impact. ◆ The operator participates in the urban studies initiated by the authority and produces studies, as asked by the authority. ◆ The operator is allowed to modify the services during the contract within the following limits: reallocation within the network to reflect passenger needs, changes in total production level by a maximum of +/- 1% by changing frequencies or routing, but routes may never be closed. 	<ul style="list-style-type: none"> ◆ The contract contains a reference level of supply (10 125 000 bus-km/year for 2002, to be reduced to 9 675 000 in 2005). ◆ The appendix to the contract contains the description of the services at the beginning of the contract and the services that have to be realised after the network reform as agreed upon during contract negotiation after proposal by the bidder. This is described by: routes, main stops and frequencies.

	Main description	Remarks and variations
Service production (operational level)	<ul style="list-style-type: none"> ◆ The operator is charged with the operations of the network. ◆ The operator is allowed to sub-contract the realisation of its services, after agreement by the authority. Above 12% of its services this would lead to a renegotiation of the financial contribution. 	<ul style="list-style-type: none"> ◆ The contract requires from the operator to organise the sub-contracting according to the procedures of Directive 93/38 (as implemented in the French legislation). ◆ The sub-contractors may use the vehicles owned by the authority for producing services. The main operator remains responsible in all cases.
Regime for changes in production quantities or contract amendments during the contract period	<ul style="list-style-type: none"> ◆ The authority may require a modification to the services to be provided during the contract. A fixed formula is established in the contract for all changes up to 2% of the annual production volume. Above this threshold, negotiations can be opened. 	
Ownership	<ul style="list-style-type: none"> ◆ The vehicles, garages and buildings are owned by the authority. They are provided to the operator for the management of the network. A list of assets is established. 	<ul style="list-style-type: none"> ◆ The list of assets is maintained by the operator during the contract period.
Status of the personnel	<ul style="list-style-type: none"> ◆ The authority takes care of taking over the whole of the personnel in case of a transfer of operator, including all associated rights and obligations. 	
Costs	<ul style="list-style-type: none"> ◆ Amendments to the services at the initiative of the operator do not lead to changes in the financial contribution by the authority. ◆ The operator advises the authority in terms of investments. After agreement, all investments in new assets and renewal of existing assets are paid by the authority and the investment plan is realised by the operator. Large maintenance is paid by the authority. Small maintenance by the operator. Small investments in office equipment and the like are made by the operator. 	<ul style="list-style-type: none"> ◆ Recurrent studies to be provided by the operator to the authority are to be paid by the operator. This includes studies on origin-destinations, fares and evasion, customer satisfaction, image, etc. ◆ Specific additional studies lead to an addition to the contract and payment. ◆ An investment plan is included in the contract appendixes, including detailed costing per item.
Revenues	<ul style="list-style-type: none"> ◆ The operator keeps the revenues. The contract establishes a growing revenue schedule for each year of the contract (growth of about 7% in 5 years). For growth of 1 to 3% above that schedule, those additional revenues would be shared 50/50 with the authority. Above 3%, all revenue increases accrue to the authority. ◆ Fare amendments, after authority approval, lead to amendments in the financial compensation paid by the authority. 	<ul style="list-style-type: none"> ◆ The authority buys a number of tickets that are consequently distributed to specific target groups (unemployed, elderly, etc.). Changes to these amounts, compared to provisional amounts, may lead to amendments in the payments. ◆ If revenues fall more than 5% below the expected schedule, negotiations are opened to amend supply and payments.
Contract price and level of risk	<ul style="list-style-type: none"> ◆ The contract determines (as result of negotiations) a declining payment schedule for each year of the contract. ◆ This contract amount is indexed on the basis of the pre-established cost components and official indexes. ◆ Financial incentives linked to service quality are paid to the operator, up to a maximum of EUR 60 000. This is linked to criteria on: passenger information centre, complaint treatment, information at stops and in buses, cleanliness, vehicle maintenance and fumes. For each criterium, a target level is defined in wording with a specific level of conformity to reach, defined in percentage. This is then linked to bonus and penalty payments with various thresholds. ◆ Financial incentives linked to customer satisfaction are paid to the operator, up to a maximum of EUR 30 000. This is linked to criteria on accessibility of the network, punctuality, information quality, driving 	<ul style="list-style-type: none"> ◆ The payment to the operator in 2004 was 24 683 000 €. In addition to this, 2 494 250 € was spent on buying tickets for the unemployed, aged, etc. ◆ The payment schedule is, amongst other, based on the network reform established for this contract, which entails a reduction of about 3% of total supply.


	Main description	Remarks and variations
	style, etc.	
Monitoring provision	<ul style="list-style-type: none"> ◆ Besides the quality incentives and customer satisfaction incentives, the authority also has the possibility to control directly the proper realisation of the services. The authority can, e.g., organise an investigation on the proper maintenance of the vehicles by the operator, and require the operator to remedy to the situation in case of a failure to maintain the assets properly. 	<ul style="list-style-type: none"> ◆ An annual report of activity has to be provided by the operator. The items to be covered are identified in an appendix to the contract.
External factors	<ul style="list-style-type: none"> ◆ The operator receives the exclusivity for the operations of urban transport services. ◆ Road works initiated by the authority may lead to adjustments in the payments to the operator if these last for more than 3 (mains routes) or 8 (others) days. Effects on costs and revenues are taken into account. ◆ Changes in the commercial speed of more than 0,5 Km/h on average may lead to re-negotiations of (parts of) the payments. 	<ul style="list-style-type: none"> ◆ The operator is allowed to use the assets for the provision of occasional services within the urban area. He must, however, pay a 13% charge on turnover to the authority in compensation for the usage its vehicles.

7 Dublin (IRL): Tendered route contract with incentives (tramway)

Performance based gross-cost contract for the operation of a new tramway service (LUAS), with defined passenger target. Contract awarded in competition for 5+5 years.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: RPA (Railway Procurement Agency Ireland) was established as an <i>Independent Statutory Body</i>, by Ministerial Order on December 28th 2001 following the passing of the Transport (Railway Infrastructure) Act, 2001. ◆ Operator: Veolia Transport Ireland is responsible for the operation and maintenance of the LUAS system. ◆ Initiative: RPA has a mandate to procure infrastructure & light rail/metro services within Dublin. 	RPA had previously operated as a subsidiary of CIE - the national railway company responsible for trains, long-distance buses and the Dublin buses.
General description of the contract type	<ul style="list-style-type: none"> ◆ The contract is a performance based gross cost contract with a patronage incentive exceeding a defined passenger target and a (not very significant) general performance regime. ◆ The contract length is 5 years with the possibility of an extension of further 5 years. 	Generally RPA carries the main risk, as the authority pays the agreed contract price regardless of the revenue. In addition the contract creates an incentive for the increase of passengers, as that is related to additional payments.
Awarding procedure	<ul style="list-style-type: none"> ◆ The contract was awarded via OJEC with an open tender and negotiation option. ◆ Technically, the award was made by the government and RPA was only involved in the evaluation. The reason for this was that at the time of the award procedure RPA was still part of Córas Iompair Éireann (CIE), a company which could have been a potential bidder themselves. However with the award of the contract RPA became the main contract partner. 	The maintenance contracts which had been with RPA moved with the awarding of the contract to the operator, who now has sole responsibility. The maintenance obligation touches on all aspects of the system, including rolling stock and infrastructure.
Regime for Public Service Obligations	PSO is defined within the contracted service level - and PSO subsidy effectively paid through the difference between revenue accruing to the state and the fees paid to the operator.	
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ The main transport policy goals can be found in "A platform for change 2000-2006" published by the Dublin Transport Office (DTO). The other important document is "Transport 21", which is the capital investment framework through which the transport system in Ireland will be developed over the period 2006 to 2015. ◆ Specific contract goals are to deliver the service in accordance with the two mentioned documents. This also involves integrated ticketing. 	<p>The primarily transport policy goals are:</p> <ul style="list-style-type: none"> ◆ Regional Economy: sustain economic development and regeneration; consolidate existing economic activity; encourage a further increase in participation in the labour force, particularly by disadvantaged groups in society; ◆ Quality of Life: reduce the need for car commuting by improving the reliability, availability and quality of public transport; reduce congestion; ameliorate direct environmental effects of transport and improve transport safety. ◆ The Transport 21 framework will address the twin challenges of past investment backlogs and continuing growth in transport demand. The projects and programmes that make up Transport 21 will aim to: increase accessibility; ensure sustainability; expand capacity; increase use; and enhance quality.
Service definition (tactical)	◆ Before/during the contracting/tendering	The LUAS system (lines 1 and 2) was designed

	Main description	Remarks and variations
level)	<p>process: The operating contract was awarded in 2002, everything about the service (routes, timetable, fares) was designed by RPA. RPA was advised by the Dutch tram company HTM during this process. The tender went out with a proposed timetable and assumed fare structures.</p> <ul style="list-style-type: none"> ◆ During the contracting period: The authority and the operator have a cooperative approach and negotiation mechanisms are set out in the contract. Route changes are for example possible because of street works etc. If the capacity of the system comes to a limit, the usage of longer trams can also be discussed. 	<p>directly by the RPA and its consultants and procured by the RPA under a number of contracts. These included:</p> <ul style="list-style-type: none"> ◆ A design/build contract ◆ A rolling stock provision contract ◆ An operating contract: under this contract the operator is required to provide services as specified by RPA in the contract.
Service production (operational level)	<p>Responsibility for the operations of the system lies totally with Veolia (the operator). Rolling stock has been provided to them under contract and it is their responsibility to employ it to provide the required services.</p>	
Regime for changes in production quantities or contract amendments during the contract period	<ul style="list-style-type: none"> ◆ As LUAS is a tram network and therefore bound to the infrastructure there is not that much freedom to amend the service. However if Veolia Transport Ireland manages to increase passenger numbers, the contract price can be re-negotiated. ◆ Both parties, Veolia and RPA are able to ask for permission to change frequencies. This would lead to the amendment of the contract. 	
Ownership	<p>Infrastructure, rolling Stock and other installations are owned by RPA. The operator has the licence to use the infrastructure, rolling stock and all other facilities. It is, however, obliged to maintain the rolling stock and infrastructure.</p>	
Status of the personnel	<p>LUAS is a newly build operation and had no previous staff. The current contract is its first contract. In the future TUPE would be applicable here and would protect drivers and guards.</p>	
Cost	<ul style="list-style-type: none"> ◆ Veolia Transport Ireland carries the operational costs: personnel, energy, maintenance of rolling stock and infrastructure etc. ◆ RPA is responsible for the investment in rolling stock and other operational assets. The authority is also responsible for all investments in rail infrastructure. 	
Revenue	<ul style="list-style-type: none"> ◆ The fares are collected by the operator on behalf of the RPA, RPA carries the responsibility for the passenger revenues and the operator takes no revenue risk. RPA has control over the tariffs. ◆ RPA has the right to apply penalties, if Veolia Transport Ireland does not meet the requirements set out in the contract. The operator is paid a contracted fee with a patronage incentive when exceeding a defined passenger target. 	
Contract price and level of risk	<p>The contract price is commercially confidential.</p>	

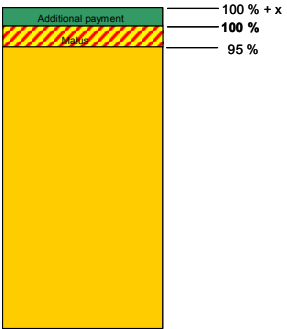
Main description	Remarks and variations
<p>Advertisement revenues</p> <p>Bonus payment for increased patronage</p> <p>Reliability, Quality, Availability Penalty/Bonus Payment</p> <p>General allocation due to contract price</p> <p>TOTAL: Confidential</p>	 <p>More than 2 %</p> <p>Significant % of contract price</p> <p>Range: Bonus/Penalty less than 5 % of contract price</p> <p>Variable (risk carried by operator)</p> <p>Fixed (risk carried by authority)</p>
<p>Monitoring provision</p>	<ul style="list-style-type: none"> ◆ There are plenty of procedures in the contract to allow monitoring and RPA has its own technical team to report on the safety of the system. The operator however has the safety case. ◆ The contract also grants RPA access to technical information of the operation. ◆ Customer satisfaction surveys are also carried out. The costs are shared between RPA and the operator.
<p>External factors</p>	<p>Veolia Transport Ireland is currently the only party allowed to operate on the LUAS network. In the future however it might be possible that LUAS becomes an open access network.</p>

8 Elmshorn (D): Functional tendering of network contract

Gross cost contract with passenger incentives awarding by competitive EU-wide tendering, functional service design for the City of Elmshorn (about 50 000 inhabitants) for the period 2005-2010. Revenue risk lies with the authority, but comparatively high risk on passenger incentives for the operator. The operator owns the buses.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ The suburban district of Pinneberg (North-west of Hamburg, Schleswig-Holstein), as authority responsible for public transport in the City of Elmshorn ◆ Pinneberger Verkehrsgesellschaft (PVG) is the winning bidder of the tendering procedure. PVG is a subsidiary of the VHH/PVG Group, which in turn is a subsidiary of a holding company controlled by the city of Hamburg. ◆ The HVV GmbH is the guidance organisation for local public transport. Its service area covers all or large parts of the three regional German states, Hamburg, Lower Saxony and Schleswig-Holstein. These states and their respective boroughs, counties and municipalities have been legally appointed to act as public transport authorities (PTAs). This means that they are obliged to provide and finance an adequate level of public transport for their local population. In order to perform this task as successfully as possible, the PTAs concerned decided to set up HVV GmbH. In conjunction with the transport operators co-operating in the HVV partnership, HVV GmbH organizes, guides and manages public transport in the metropolitan region of Hamburg and in this sense runs the metropolitan integrated transport system Hamburger Verkehrsverbund (HVV). 	<ul style="list-style-type: none"> ◆ The urban area concerned has a size of 21,36 km² and 49.386 inhabitants (as per 30.6.05), city is a suburban city of Hamburg. ◆ transport mode concerned: bus and regional train routes are part of Hamburger Verkehrsverbund (HVV) ◆ Since 01.07.2005 the Pinneberger Verkehrsgesellschaft (PVG) is responsible for the busses in Elmshorn.
General description of the contract type	5 year gross-cost contract with strong bonus payments for passenger increase.	
Awarding procedure	<ul style="list-style-type: none"> ◆ Functional tendering ◆ European-wide competitive tendering according to Directive 92/50/EWG, as transposed in the German legislation (GWB, VgV, VOL/A 2. Abschnitt, Anhang I A; CPV 60112200-8; CPC-Nummer 71211) 	Four operators submitted an offer.
Regime for Public Service Obligations	The suburban district of Pinneberg and the operator sign a contract defining all the obligations that have to be fulfilled by the operator and the payment received.	
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ The main public transport policy goal was an improvement of the quality of public transport in the relevant area which in turn was expected to result in more passengers. 	<ul style="list-style-type: none"> ◆ Specific contract goals where a more transparent and easier to understand bus network, an expansion of the public transport open to the public, longer hours, a tighter schedule with more departures per hour and bus stop, a better coordinated public transport, a switch to low entry busses with automatic route indicators, improved information at the bus stop with regard to timetable, fare and stops along the bus route in question. ◆ Furthermore, the standard of the bus stops was to be raised so as to comply with that of the Hamburg integrated transport system

Main description	Remarks and variations	
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ The service to be offered by the operator was only functionally described: The bus service had to cover a certain area and a certain minimum of departures per stop and hour had to be supplied. Departures had to follow easy to remember intervals. From every stop there had to be a direct link to the city centre. Maximum travel time from a point within the densely populated areas to the city center was fixed at 15 Minutes. Two bus routes mainly intended for student transport had to be supplied according to a fixed timetable and route. Fares were fixed, since the fares set by the HVV had to be applied. Vehicles had to be low entry. Passenger information had to be in accordance with HVV standard. ◆ Within this framework the operator was free to design his own routes, move existing bus stops and to design his own timetable. ◆ Existing ridership data was supplied to potential operators in order to help them with their planning. ◆ Changes to the service design during the contracting period are subject to the approval of the operator and the HVV. Changes can be accepted, denied or tolerated. Accepted changes result in an adjustment of payments to the operator, tolerated ones don't but can nonetheless be set into effect by the operator. 	<p>(Hamburger Verkehrsverbund HVV), which the suburban district of Pinneberg only recently had joined.</p> <ul style="list-style-type: none"> ◆ Minimum requirements for service supply were: 2 departures per hour and stop in densely populated areas, 1 or 2 departures per hour and stop in industrial areas, 1 departure per hour and stop in rural areas und 1 departure per hour and stop during rush hour in some remote areas.
Service production (operational level)	The operational competence lies with the operator. With in the designed framework he is free to allocate his resources.	
Regime for changes in production quantities or contract amendments during the contract period	<p>The authority can demand changes to the service up to an amount of 10% of the contract volume. Changes of schedule/network (max. 10 % of the value in total) is paid to the operator on the basis of</p> <ul style="list-style-type: none"> ◆ Price for each bus ◆ Price for schedule kilometre ◆ Price for schedule hours <p>(The price for each component is given by the operators within their bid)</p>	
Ownership	<ul style="list-style-type: none"> ◆ Vehicles are owned by the operator. ◆ New bus stop infrastructure had to be installed by the operator and are owned by the operator during the contract duration. Afterwards it becomes property of either the city of Elmshorn or the suburban district of Pinneberg, depending on where it is located. ◆ Maintenance workshops and other installations are owned by operator. 	
Status of the personnel	No compulsory take-over.	Under German procurement law, demands that have no direct link to the individual contract can not be made unless federal or state-law allows for it. As far as the take-over of personal as a purely social issue is concerned no such federal or state-law exists that would allow or make compulsory a contract provision requiring the take-over of personnel. A take-over of personnel in Germany only has to take place if and when a whole business is sold to another company (§ 613a BGB), which was not the case here.

Main description	Remarks and variations
Cost	<ul style="list-style-type: none"> ◆ The basic financial payment for the operator is based on a fixed value defined by the suburban district of Pinneberg (already determined in the tendering documents). ◆ The operator receives a determined sum for running the bus system. As the sum is determined, he has no direct risk besides having calculated his costs too low during the tendering process. ◆ What is more, the quality management system of the HVV has to be applied with regard to operational quality.
Revenue	<ul style="list-style-type: none"> ◆ The commercial risk of having less income because of fewer passengers is for the authority. ◆ Additionally the operator receives 0,35 cent for each newly gained passenger during contracting period (basis of calculation is set within the first year of operation) ◆ The contract includes a malus system for bad operational quality (max. 5 % of the fix value). Payments of suburban district of Pinneberg will be reduced by the malus-amount if required.
Contract price and level of risk	
Monitoring provision	<p>The operator has to agree to join fulfil the procedures of the local integrated transport system HVV and its reporting requirements. Under this regime, operator has to report one several aspects of operational quality such as punctuality, passenger complains, vehicle and stop cleaning, overall security, etc. on a weekly or quarterly basis. Since passenger fares are distributed by HVV GmbH, also numbers on ticket sales and passengers have to be reported.</p>
External factors	<p>The operator has the exclusive right during the time of concession.</p>

9 Frankfurt/M. (D): Tendered route bundle contracts

Gross cost contracts for a six year period for a bus network with environmental incentives under competitive tendering in Frankfurt (Main) (about 650 000 inhabitants). The operator owns the busses.

Main description	
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Within the federal state Hessen regional and local public transport authorities have been founded, responsible for tariffs, planning and awarding of public transport services in regional rail and regional bus routes. ◆ The most important authority is the Rhein-Main-Verkehrsverbund GmbH (RMV), a. o. responsible for regional services within the greater Frankfurt area. ◆ The responsibility for local public transport services in Hessen has been given to local public transport authorities (PTA) on the city or district level ◆ The Lokale Nahverkehrsgesellschaft Frankfurt am Main mbH traffiQ (traffiQ), is acting for local public transport services within the city of Frankfurt. ◆ Bundle A will now (from December 2006 on) be operated by the winner of the competitive tender Alpina Bad Homburg. Alpina is a private operator belonging to Veolia. 3 other operators took part in the tendering. ◆ traffiQ initiates the transport service by announcing the tender in the European tender journal
General description of the contract type	6 year gross cost contract
Awarding procedure	<ul style="list-style-type: none"> ◆ European-wide competitive tendering, ◆ German legislation: GWB, VgV, VOL/A 2. Abschnitt, Anhang I A; CPV 60114000-0; CPC-Nummer 71211. ◆ European legislation: RiL 92/50
Regime for Public Service Obligations	traffiQ and operator sign a contract defining all the obligations that have to be fulfilled by the operator and the payment received. Basis: local public transport plan
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ Frankfurt's decision to put public bus transport to tender was based on the assumption that the former monopoly-situation of VGF was no longer acceptable since the EC is heading towards more and more liberalization. ◆ This is accompanied by the idea of saving money by contracting operators as a result of competitive tendering. ◆ One main goal of the tendering of Bundle A was reducing air pollution by demanding high anti-pollution standards in order to fulfil the European anti-pollution regime.
Service definition (tactical)	Competences between authority and operator

	Main description	
level)	<p>are strictly divided:</p> <ul style="list-style-type: none"> ◆ traffiQ determines the service design (routes, timetable, fares) before the contracting/tendering process. The bidder has to give an offer fulfilling all of these demands - otherwise his bid has to be excluded. ◆ Therefore the candidate/operator does not define any item of the service design during the tendering process. <p>The operator is also not allowed to change service design (routes, timetable, fares) during the contracting period. He can suggest changes, but they have to be ordered by traffiQ. The role of the operator is to fulfil the precisely described contract demands.</p>	
Service production (operational level)	<p>traffiQ has most of the operational competences.</p> <ul style="list-style-type: none"> ◆ traffiQ determines the timetable and the type of buses that have to serve the different lines. In a few cases, the operator can choose between bus types, but within the available costs for one bus type. ◆ Operators were allowed to make bids based on Euro IV/V or EEV-busses. Bids with buses fulfilling the EEV-standards received a pre-established higher value in the bidding. 	
Regime for changes in production quantities or contract amendments during the contract period	<p>The authority can request changes of production quantities or other contract amendments during the contract period. They are limited up to</p> <ul style="list-style-type: none"> ◆ +/- 10 % of the vehicles requested ◆ +/- 5 % of the scheduled kilometres ◆ +/- 5 % of the scheduled hours <p>Changes have to be announced in advance.</p> <ul style="list-style-type: none"> ◆ The announcement period varies between two days (small changes like one additional journey or a cancelled journey) up to six months (permanent change requesting additional or less vehicles) ◆ Changes lead to a change of the annual payment, as far as they are not balanced with each other. 	
Ownership	<ul style="list-style-type: none"> ◆ Vehicles are owned by the operator. ◆ Setup, maintenance and repair of bus stops is done by the municipal operator VGF and paid by traffiQ 	
Status of the personnel	No compulsory take-over.	Take-Over of personnel in Germany only has to take place in cases of business transitions (§ 613a BGB), generally, when a business is sold to another company
Costs	<p>Basic financial element of the contract is the so called basic payment for the operator. It is paid by traffiQ and composed by</p> <ul style="list-style-type: none"> ◆ Price for each bus (differentiated between bus types) ◆ Price per scheduled kilometre (differentiated between bus types) ◆ Price per scheduled hour (without differentiation) 	
Revenue	<ul style="list-style-type: none"> ◆ Gross cost contract: reduced income because of less passengers is the authority's risk. ◆ Operator manages fare revenues for PTA ◆ No liquidity transfer out of fare revenues to PTA. PTA has to balance deficit out of fixed basic payment for operator reduced by fare and other revenues. <p>Usage of measurements (passenger satisfac-</p>	<p>Fare and other revenues are:</p> <ul style="list-style-type: none"> ◆ Passenger fares ◆ Other payments of the RMV, the state of Hessen or other entities ◆ Compensations according to § 45a PBefG for transportation of pupils (paid by the Bund, distributed by the state of Hessen) ◆ Compensations according to § 148 SGB IX for transportation of handicapped people,

10 Gifhorn (D): Sub-contracting by a public operator

Sub-contracting of bus routes by a municipal operator in Gifhorn (about 175 000 inhabitants in the suburban area of Brunswick – Germany). Gross-cost contracts awarded in negotiation between the municipal operator and the private sub-contractor. The municipal operator plans the services and realises 15% of the supply. The sub-contractors, who own their vehicles, realise 85% of the supply.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Suburban district of Brunswick, called Gifhorn, responsible for organising local public transport services by bus according to the law for public transport services for Lower Saxony. The suburban district is member of the regional passenger transport authority “Zweckverband Großraum Braunschweig” (ZGB), who is responsible for regional services. ◆ The suburban district of Gifhorn organises public transport via its municipal operator “Verkehrsgesellschaft Landkreis Gifhorn” (VLG) (publicly-owned limited company) who holds almost all authorisations to operate commercial lines exclusively (according to the German public transport law), except some lines awarded to the private operator Hülsmann (see second Gifhorn case below). ◆ The existing municipal operator VLG, produces approx. 15 % of its vehicle-km itself (for historical reasons and as a back-up) and 85 % via subcontractors. 	<ul style="list-style-type: none"> ◆ Size of the rural district Gifhorn, including the city of Gifhorn, located in the south-east of the federal state Lower Saxony: 175 228 inhabitants, 1 563 km² ◆ Transport mode concerned: Regional bus transport (including pupil transport services), almost no urban bus transport ◆ No general subsidies are granted by the suburban district to the municipal operator. The only public payments are the usual compensations for fare reductions for pupils and disabled. ◆ VLG has a comparatively low wage rate enabling them to operate routes more easily on a commercial basis than in other German regions. ◆ So far VLG’s authorisations were regranted by the responsible authority without competition, except the lines Hülsmann bid for (see second Gifhorn case below).
General description of the contract type	<ul style="list-style-type: none"> ◆ The contracts are subcontracts, awarded in 1998 by the VLG to the operators. ◆ These contracts are gross-cost contracts and have no termination date but VLG is able to terminate contracts with a period of notice. 	
Awarding procedure	The subcontracts were awarded by the municipal operator VLG after negotiations with all interested operators.	
Regime for Public Service Obligations	The legal feature is the contract between VLG and the subcontractors (this is a framework agreement).	<ul style="list-style-type: none"> ◆ Some general public service obligations are defined by the regional public transport plan of the ZGB. ◆ The VLG plans public transport services by bus after discussing the main changes within its supervisory board, except those operated by the private operator Hülsmann.
Policy goals and contractual goals (strategic level)	Public transport policy goals: <ul style="list-style-type: none"> ◆ Intermodal shift from individual traffic via motor vehicles to public transport ◆ Public transport services according to citizens needs ◆ Use of environmentally suitable and comfortable vehicles ◆ Supply of all citizens, regardless of the size of the housing estate ◆ High frequency between main towns 	VLG helped the authorities of the suburban district to define these policy goals within the regional transport plan.
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ Revenue risk lies at VLG. VLG awarded gross-cost-contracts to its subcontractors. ◆ ZGB defines minimal standards in a local (public) transport plan for the whole area (city and suburban districts) of Brunswick. 	<ul style="list-style-type: none"> ◆ Monitoring of municipal operator VLG via supervisory board, whose members are six representatives of the suburban district Gifhorn and two members of the OHE (a former Bus and rail owner, now primarily

Main description	Remarks and variations
	<p>The ZGB established some very few quality criteria as common obligations in their local transport plan: compulsory bus stops within fixed timetables to enable transfer to rail or other busses; and quality standards for busses under subcontracts (low floor, max. 12 years old when starting operations with that vehicle).</p> <ul style="list-style-type: none"> ◆ The VLG defined the service design to a large extent (location of most of the bus stops and timetable), based on the local transport plan. VLG plans and integrates public transport services where they hold the authorisations (excluding the lines of Hülsmann - see second Gifhorn case below).
Service production (operational level)	<ul style="list-style-type: none"> ◆ The VLG defines a vehicle schedule to be used by the subcontractor, based on the location of the bus depot of the subcontractor and minimum and maximum vehicle kilometres and a fixed number of buses per subcontractor, laid down in each subcontract. VLG optimises vehicle schedules to minimize dead mileages. ◆ The operator decides upon the details (staff, exact vehicle to use,...)
Regime for changes in production quantities or contract amendments during the contract period	<ul style="list-style-type: none"> ◆ Changes are possible at any moment according to the framework agreement between VLG and the subcontractors. ◆ Large changes are usually carried out one time a year, smaller changes during holiday period (for pupils).
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Road infrastructure is owned by either national, provincial or municipal governments ◆ Vehicles: Vehicles are owned by VLG (for its own 15 % of services) or its subcontractors (for the remaining 85 % of services) ◆ Other installations: Workshops are owned by the VLG (for its own 15 % of services) or its subcontractors (for the remaining 85 % of services). Bus stop infrastructure is owned by the VLG.
Status of the personnel	No specific regulations observed.
Cost	Risk of increasing external input factors (personal costs, energy, material, etc) where influence by operator is weak is borne by VLG via indexation clause. The operator bears the risk, that the index will only be adjusted one time a year
Revenue	Gross cost contract for subcontractors: No revenues (and revenue risk) for subcontractors

	Main description	Remarks and variations
Contract price and level of risk	<ul style="list-style-type: none"> ◆ The VLG pays its subcontractors a graduated price per vehicle kilometre (decreasing with increasing vehicle-km ordered by VLG). ◆ There are different graduated prices for different types of vehicles. ◆ The level of risk is comparatively small, mainly related to the risk that the indexation clause is amended one time a year. <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p style="text-align: center;">Expected level of risk – Brunswick Subs (Germany)</p> <p style="font-size: small;">Cost risk of increasing external input factors (personal costs, energy and other): is borne by the municipal operator via indexation, changes of operating costs only one time a year</p> <p style="font-size: small;">TOTAL: No detailed figures available</p> <div style="font-size: x-small;"> Variable (risk carried by operator) Fixed (risk carried by authority) Year: 2007 Note: data has been simplified. </div> </div>	
Monitoring provision	Monitoring by VLG, no specific rules.	No bonus-malus regime: No direct financial risk on bad quality
External factors	-	

11 Gifhorn (D): Competition for market-initiated authorisations

Private entry in Gifhorn (about 175 000 inhabitants in the suburban area of Brunswick – Germany) through competitive bidding for commercial-based routes. The entrant sub-contracts its production. The other routes are operated by a municipal operator (see first Gifhorn case above).

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Suburban district of Brunswick, called Gifhorn, responsible for organising local public transport services by bus according to the law for public transport services for Lower Saxony. The suburban district is member of the regional passenger transport authority “Zweckverband Großraum Braunschweig” (ZGB), who is responsible for regional services (and the definition of minimum quality standards). ◆ Private, medium sized operator “Omnibusbetrieb Hülsmann” (Hülsmann), itself using subcontractors within the suburban district Gifhorn. ◆ The federal state lower saxony assigns the task of the authority responsible for the issuance of authorisations to operate commercial lines to the LNVG (Landesnahverkehrsgesellschaft Niedersachsen mbH, the authorising authority), who decides upon applications by operators. ... ◆ The suburban district of Gifhorn organises public transport via its municipal operator “Verkehrsgesellschaft Landkreis Gifhorn” (VLG) (publicly-owned limited company) who holds almost all authorisations to operate commercial lines exclusive (according to German public transport law) for the local market, except some lines awarded to the private operator Hülsmann (which are not organised by VLG). 	<ul style="list-style-type: none"> ◆ Size of the rural district Gifhorn, including the city of Gifhorn, located in the south-east of the federal state Lower Saxony: 175 228 inhabitants, 1 563 km² ◆ Transport mode concerned: Regional bus transport (including pupil transport services) ◆ No general subsidies are granted by the suburban district to the municipal operator. The only public payments are the usual compensations for fare reductions for pupils and disabled. ◆ VLG has a comparatively low wage rate enabling them to operate routes more easily on a commercial basis than in other german regions. ◆ So far VLG’s authorisations were regranted by the responsible authority without competition. ◆ For the lines where the authorisation was expiring out in 2005 Hülsmann handed in a competitive bid and won the concession via better quality offered. Former operator (old concessionaire of these lines was the municipal operator “Verkehrsgesellschaft Landkreis Gifhorn” (VLG).
General description of the contract type	<p>The LNVG has issued the authorisation to Hülsmann based on the minimum quality standards as laid down in the public transport plan and based on the quality level offered in the bid of the operator (e.g. timetable). This is not a specific contractual commitment but only an authorisation to operate the respective routes. The duration period of the authorisation for the exclusive right to operate these routes is eight years.</p>	<p>The operator is allowed to deliver its services as long as he does according to the offer handed in to the authorising authority LNVG and as long as certain quality criteria as laid down in the local transport plan are fulfilled. In case of permanent failure to fulfil these criteria, the authority is able to withdraw the authorisation to Hülsmann</p>
Awarding procedure	<ul style="list-style-type: none"> ◆ The authorisations of VLG to operate eight lines (20 % of total vehicle-km) within the rural district expired out in 2005. ◆ The usual procedure for the awarding of authorisations to operate commercial lines was organised. As in the past, the VLG expected their authorisations to be regranted as they did not expect competitors to appear within the procedure for the awarding of authorisations to operate commercial lines. This time, however, Hülsmann decided to apply for these authorisations too. ◆ In response to this unexpected situation, a specific competitive procedure was used by the LNVG to award the “authorisation to operate commercial lines” to the best bus 	<ul style="list-style-type: none"> ◆ No explicit support of the federal state or the rural district to organise such competitions for authorisations to operate commercial routes ◆ VLG faced several problems after the unexpected decision of LNVG, e.g. overcapacity

	Main description	Remarks and variations
	operator (quality competition). ♦ The right to operate a network was granted to the application with the best quality bid. Hülsmann bid better quality than VLG and was granted the authorisation.	
Regime for Public Service Obligations	The legal feature is the national procedure “competition for the authorisation to operate commercial routes”: The authorisation will be awarded (in a quality competition) to the operator with the best quality offered. Operators hand in their offers based on the locally existing granting system (Gifhorn does not pay any direct subsidies to Hülsmann). After granting the authorisation to the applicant, the operator is obliged to supply these services during the whole period of the authorisation according to the service offered in his bid.	Obligations are defined by the local transport plan of the rural district. This plan only defines minimum quality criteria.
Policy goals and contractual goals (strategic level)	Public transport policy goals: ♦ Intermodal shift from individual traffic via motor vehicles to public transport ♦ Public transport services according to citizens needs ♦ Use of environmentally suitable and comfortable vehicles ♦ Supply of all citizens, regardless of the size of the housing estate ♦ High frequency between main towns	VLG helped the authorities of the suburban district to define these policy goals within the regional transport plan.
Service definition (tactical level)	♦ The operator has to accept the fare system of the ZGB (and its increases) without influence (although fare revenue risk lies at the operator). Fares are determined by the ZGB. However, as Hülsmann has decided not to become member of the tariff integration association within the ZGB, he has no possibility to influence fares. ♦ ZGB defines minimal standards in a local (public) transport plan for the whole area (city and suburban districts) of Brunswick. The ZGB established some very few quality criteria as common public service obligations in their local transport plan (compulsory bus stops within fixed timetables to enable transfer to rail or other busses, but no specific quality standards for busses). ♦ The operator has to define the service design to a large extent: develop a plan for the location of (most of the) bus stops, a timetable, a vehicle schedule, but this has to be based on the local transport plan.	
Service production (operational level)	The operator decides on all aspects of the operational level. Some minimum quality criteria (see tactical level) may limit his freedom to a little extent.	
Regime for changes in production quantities or contract amendments during the contract period	♦ No such contractual features. The operator has to negotiate every change in service design with the LNVG, which is the authority to authorise the operations in Lower Saxony. ♦ Reduction of services provided or shifts of vehicle-km from one route to another during the 8 year term: Only possible in case of major disrupting events. No service cuts would be allowed as a consequence of a need to compensate for increasing energy prices or insufficient passenger revenues.	According to the German public procurement case law, changes to an existing contract result in the obligation to re-tender, if and when the contract is changed to such a degree, that from an economic point of view the changed contract is a new contract. But one can argue that in the case of Gifhorn public procurement law is not applicable, since no contract that falls under the contract definition of the public procurement law exists.
Ownership	♦ Infrastructure: Road infrastructure is owned by either national, provincial or municipal governments	

	Main description	Remarks and variations
	<ul style="list-style-type: none"> ◆ Vehicles: Vehicles are owned by the operator (or its subcontractors) ◆ Other installations: Workshops are normally owned by the operator (or its subcontractors). Bus stops infrastructure is either owned by Hülsmann or the VLG. 	
Status of the personnel	No specific regulations observed: Regular transfer by employee between employers according to normal German law.	Hülsmann is using existing operators (some former subcontractors of VLG) to operate his lines.
Cost	The operator bears all internal (e.g. production risk) and external risks (e.g. increased costs for input factors) on his own. There are no indexation clauses.	
Revenue	<ul style="list-style-type: none"> ◆ Operator carries risk on passenger revenues. He collects the fares. The operator received the exclusive right to operate these commercial routes in the relevant area, without further subsidies. ◆ Part of the tickets for pupil transport is paid by the rural district instead of the passengers 	◆ Fare increasing (changes) is determined by the ZGB, and not by the operator
Contract price and level of risk	<ul style="list-style-type: none"> ◆ Contract Price: The rural district pays no direct subsidy (e.g. lump sum payment). ◆ There is no sharing of risks between authority and operators at all. 	
Monitoring provision	No specific monitoring regulation. The authority who issued to authorisation is able to withdraw it, e.g. in case of failing to supply the public transport services promised.	
External factors	Hülsmann has the exclusive right to provide passenger transport by bus on the respective lines.	

12 Grenland (N): Tendered network contract with super-incentives

Contract for the operation and design of the urban bus network of Grenland. The vehicles are provided by the operator. The contract was awarded for the period 2005-2010 in an innovative competitive tendering procedure. The operator is submitted to full production cost risk and revenue risk and has considerable freedom in service design during the whole contract life. The main regulatory feature is a set of financial (super-)incentives established such as to induce the operator to maximise social welfare.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: Vestviken (VV). VV is owned by Vestfold, Buskerud and Telemark County Councils and is responsible for all public transport in the three counties. As a regional transport authority, VV has the powers to grant exclusive transport authorisations to operators in its region. ◆ Operator: Telemark Kollektivtrafikk (TK) is owned by Netbuss (73%) and Telemark Bilruter (27%). Telemark Kollektivtrafikk is a private company. ◆ Initiative: operator initiated regime. 	<ul style="list-style-type: none"> ◆ Nettbuss operates busses in several regions in Norway and Sweden and the market share in Norway are 20%.
General description of the contract type	<ul style="list-style-type: none"> ◆ The contract granted to TK can be described as an output based contract or Economy based contracts (EBC), were the incentives are calculated to adjust for external benefit of the service provision. ◆ The contract is valid from 27. june 2005 until 27. june 2010. 	<ul style="list-style-type: none"> ◆ The allocation received by TK is corrected according to consumer price index on an annual basis.
Awarding procedure	<ul style="list-style-type: none"> ◆ The contract was awarded to Telemark Kollektivtrafikk through competitive tendering. ◆ The operators were invited to tender for optional service levels with at least the same "opening hour" for all lines. ◆ The selection criterium was based on the highest bid for the exclusive right to operate the service on the output based contract. ◆ The winning operator is fully responsible for the operational and tactical level of its service within the defined framework. 	<ul style="list-style-type: none"> ◆
Regime for Public Service Obligations	Contract.	
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ The main objective for the public transport in the region is defined in the "Public Transport plan for Telemark 2003-2009". The aim and a long term goal to increase the number of PT trips per inhabitant from 39 to 50 in the short run and up to 70 in the long run. ◆ The contractual goals was to develop a best possible service using quality tendering for a fixed subsidy level 	
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ The operator is free to decide the bus size and frequency within the financial framework of the contract and capacity constraints for the busses. ◆ The operator is free to adjust the service during the contract within the framework of the opening hour and capacity constraint 	<ul style="list-style-type: none"> ◆ The authority defined the school service level that is fixed during the contract period and the initial service level as a minimum level.

	<p>for the buses.</p> <ul style="list-style-type: none"> ◆ The operator is also free to adjust fares within the general fare scale in the region. 															
Service production (operational level)	The operator must introduce a service guarantee for an optional taxi if the service is more than 30 min too late.															
Regime for changes in production quantities or contract amendments during the contract period	The authority is free to demand increased capacity if the operator, over time, are running the service with too small buses.															
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Road infrastructure is owned by either national, provincial or municipal governments. ◆ Vehicles: Vehicles are owned by Telemark Kollektivtrafikk. ◆ Other installations: All infrastructure surrounding the services are owned and maintained by Telemark Kollektivtrafikk, including the depots and workshops. 															
Status of the personnel	All additional personnel needed for a new operator must be compulsory take-over from the existing operator according to national law.															
Cost	<ul style="list-style-type: none"> ◆ Operational costs: Telemark Kollektivtrafikk carries the risk on operational costs: personnel, energy, maintenance, etc. ◆ Investments: Telemark Kollektivtrafikk is responsible for investments in busses and other operational assets. TK are free to decide the vehicle size in service. 															
Contract price and level of risk	<ul style="list-style-type: none"> ◆ The total revenue for TK consist of three parts; <ol style="list-style-type: none"> 1) 0.75 Euro/revenue km), 2) Fare box revenue 3) 100% additional passenger incentives equal to the fare box revenue ◆ There are no additional bonus or penalties. ◆ The total sum of all allocations equals approx. 4,5 mill Euro/year 															
	<table border="1"> <caption>Revenue and Cost Breakdown</caption> <thead> <tr> <th>Category</th> <th>Sub-category</th> <th>Value (Euro)</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Revenue</td> <td>Fare box revenue</td> <td>6.0</td> </tr> <tr> <td>Passenger incentives</td> <td>6.0</td> </tr> <tr> <td>Revenue km incentives</td> <td>2.5</td> </tr> <tr> <td rowspan="2">Cost</td> <td>Gross cost subsidies</td> <td>8.5</td> </tr> <tr> <td>Net cost subsidies</td> <td>5.5</td> </tr> </tbody> </table>	Category	Sub-category	Value (Euro)	Revenue	Fare box revenue	6.0	Passenger incentives	6.0	Revenue km incentives	2.5	Cost	Gross cost subsidies	8.5	Net cost subsidies	5.5
Category	Sub-category	Value (Euro)														
Revenue	Fare box revenue	6.0														
	Passenger incentives	6.0														
	Revenue km incentives	2.5														
Cost	Gross cost subsidies	8.5														
	Net cost subsidies	5.5														
Monitoring provision	The contract are monitored by a customer satisfaction index for several elements and comparable to other contracts in the region.															
External factors	Telemark Kollektivtrafikk is the only operator running busses within the Grenland region.															

13 Haarlem (NL): Functional tendering of network contract

Competitive tendering for a net-cost contract with substantial service design freedom for the operator in the Haarlem-IJmond region (NL). Contract of about € 12 mln/year for the 2006-2008 period.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: the Province of North Holland, one out of twelve Dutch provinces. As a regional transport authority, the Province has the powers to grant exclusive transport concessions to operators in its region. ◆ Operator: Connexxion, the largest public transport operator of the Netherlands. Connexxion is fully owned by the Dutch national government, but is due to be privatized in the near future. ◆ Initiative: authority initiated regime. 	Connexxion operates various forms of public transport throughout the Netherlands. The contract specified in this table only includes bus transport.
General description of the contract type	<ul style="list-style-type: none"> ◆ The concession granted to Connexxion is a net cost contract. ◆ Connexxion receives an annual basic allocation of € 12 724 000 (2004). This amount is indexed for inflation. ◆ The basic allocation can be adjusted if major changes in service levels take place. 	
Awarding procedure	The contract was awarded to Connexxion as the result of a competitive tendering procedure.	In conformity with the regulations established according to the Dutch public transport law, the awarding procedure was carried out according to EU directives 92/50 and 97/52.
Regime for Public Service Obligations	Contract	
Policy goals and contractual goals (strategic level)	The main policy goal as mentioned in the contract is reducing congestion in the region by offering high quality public transport.	
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ Connexxion has a relatively large amount of freedom in the tactical level: network design, timetabling and product specifications. ◆ The province, however, does specify minimum service levels for residential areas as well as hospitals, school, etc. ◆ Connexxion has to meet the standards it offered during the tendering procedure, as included in the contract. 	
Service production (operational level)	Connexxion is fully responsible for the operational level of its service.	
Regime for changes in production quantities or contract amendments during the contract period	A set tariff is in place for minor changes in production quantities (up to 5% increase or decrease). In case of major changes the province and Connexxion will negotiate about tariffs.	
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Road infrastructure is owned by either national, provincial or municipal governments. ◆ Vehicles: Vehicles are owned by Connexxion. ◆ Other installations: workshops and depots are owned by Connexxion. 	
Status of the personnel	Dutch legislation demands compulsory take-over of personnel in the case of a change of operator at contract termination.	The contract does not mention any requirement above the legal obligation regarding the take-over of personnel.

Main description	Remarks and variations	
Cost	<ul style="list-style-type: none"> ◆ Connexxion carries the risk on operational costs: personnel, energy, maintenance, etc. ◆ Connexxion is responsible for investments in rolling stock and other operational assets. Investments in bus infrastructure are generally carried out by either the various municipalities or the Province. 	<p>The Province can award subsidies to municipalities for investments in bus infrastructure on municipal roads.</p>
Revenues	<ul style="list-style-type: none"> ◆ Connexxion carries responsibility for passenger revenues. Connexxion however only has very limited control over the passenger tariffs. For the most part it is bound to the National Tariff Scheme (Nationale Vervoerbewijzen, NVB). ◆ A bonus or penalty can be applied if certain targets are (not) met. There are targets on both passenger revenues (max. € 900 000 bonus or penalty) and operational quality / passenger satisfaction (max. € 600 000 bonus or penalty). 	<p>The National Tariff Scheme is based on a nationwide, zonal system. It will be replaced by a national smartcard system (OV-Chipkaart), to be implemented during the next five years. After implementation, authorities and operators will have more freedom in setting passenger tariffs.</p>
Contract price and level of risk	<p>Passenger revenues EUR 8,5 million (approx.)</p> <p>Bonus EUR 1,5 million</p> <p>General allocation EUR 12,7 million (minus possible malus EUR 1,5 million)</p> <p>TOTAL: EUR 22,7 million</p> <div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>■ Variable (risk carried by operator)</p> <p>■ Fixed (risk carried by authority)</p> <p>Year: 2005 Note: data has been simplified.</p> </div>	
Monitoring provision	<p>The contract includes several provisions for monitoring Connexxion's performance, including all issues for which proxies are in place. The emphasis of monitoring is on customer satisfaction.</p>	
External factors	<p>Connexxion is the only party allowed to operate public bus transport in the area. Connexxion has to allow operators of neighbouring areas to operate services into the region. These services are specified in the concession.</p>	

14 Halmstad (S): Tendered network contract with additional incentives

Contract for the operation of the urban bus network of Halmstad (1.3 million inhabitants). The vehicles are provided by the operator. The contract was awarded for the period 2002-2010 in a competitive procedure. The operator is submitted to the production cost risk (gross cost contract), but with a substantial additional passenger growth incentive and a some possibilities to redesign services after the first contract year. The relationship between the authority and the operator makes use of the Balanced Score Card method.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: Hallandstrafiken (HT). HT is owned by Halland County Council and the municipalities. HT is responsible for all public transport in the region of Halland. As a regional transport authority, HT has the powers to grant exclusive transport concessions to operators in its region. ◆ Operator: Swebus, part of the Concordia group. Swebus is a private company. ◆ Initiative: authority initiated regime. 	<ul style="list-style-type: none"> ◆ Swebus operates busses in several regions in Sweden. The specified contract entails bus transport in the city of Halmstad as well as the area covering the North and South of Halland County. Swebus is the largest operator in Halland. ◆ The contract is valid from January 2002 until June 2010. ◆ All bus transportation in Halland is awarded through competitive tendering.
General description of the contract type	<ul style="list-style-type: none"> ◆ The contract can be described as a gross cost contract with patronage incentives. ◆ The operators receive an annual basic allocation, based on the stipulated commission and the annual price given by Swebus in the offer. ◆ The operator has to achieve patronage incentives, in addition to the basic allocation. ◆ The operator may have to pay penalties according to various quality measures. ◆ The specified contract is valid from January 2002 until June 2010. 	
Awarding procedure	The contracts are awarded through competitive tendering, according to the national law for public tendering.	The contract is awarded according to annual price/costs, calculated per bus km.
Regime for Public Service Obligations	PSOs are an integrated part of HT's responsibilities.	The contract aims to integrate PSO into the normal bus traffic during the contract period.
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ The main public transport policy goals are to provide socially effective and sustainable production levels, increasing patronage and thereby reducing air pollution. ◆ The specific contractual goals are the following: Increasing service quality, Increasing passenger satisfaction, Increasing patronage and closer cooperation between the stakeholders 	
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ HT is responsible for service design both prior to and during the contracting process. ◆ However, the operator is allowed tactical discretion during the tendering stage in the non-urban areas of Halland. Whereas the services are pretty much predefined in the city of Halmstad, the service levels in the area of South and North Halland are set as minimum requirements only (all residences should have a maximum walking distance to bus stops of 500 m etc). All parts were tendered at one go. ◆ During the contract period, from the second year on, the operator is allowed more tac- 	<ul style="list-style-type: none"> ◆ Both HT and Swebus has committed themselves to participate in several ongoing working groups engaged in quality enhancing tasks, both at a tactical and a operational level. There are separate groups for service design, marketing, work organisation etc. ◆ All suggested changes from both parties are to be put forward and decided in the relevant working group. <p>Hence, greater tactical discretion for the operator has been compensated for through establishment of ongoing cooperation.</p>

Main description		Remarks and variations
	tical responsibilities in the urban areas as well. ♦ Both parties are committed to participate at the tactical level through ongoing working groups, where all tactical changes are to be approved.	
Service production (operational level)	♦ The bus operators are fully responsible for the operational level of its service. ♦ However, HT is allowed some operational influence through the ongoing working groups and use of Balanced Scorecard for the quality of the operator's work organisation.	The balanced scorecard used is constructed to develop high quality service production, and addresses various aspects of the operator's work organisation.
Regime for changes in production quantities or contract amendments during the contract period	♦ Compensation for changes in production quantities is predefined in the contract, and is compensated through amount of timetabled vehicle hours and vehicle kilometres. ♦ The patronage incentives are not affected by such changes.	HT's right to change service levels is limited to +/- 10% on an annual basis, and to +/- 25% within the limits of the contract period.
Ownership	♦ Infrastructure: Road infrastructure is owned by national, provincial or municipal governments. ♦ Vehicles: Vehicles are owned by Swebus. ♦ Other installations: workshops are owned and maintained by Swebus.	The bus stops are partly owned by HT and municipal governments, even though Swebus is responsible for their maintenance during the contractual period.
Status of the personnel	Take over of personnel not compulsory.	Work organisation and environment are however central parts of the Balanced Scorecard mentioned earlier.
Cost	♦ Operational costs: Swebus carries the risk on operational costs: personnel, energy, maintenance, etc. ♦ Investments: Swebus is responsible for investments in busses and other operational assets. Investments in bus infrastructure are generally carried out by the various municipalities, in close cooperation with HT. ♦ Penalties: Penalties according to requirements specified in the contract.	♦ The allocation received by the operators is corrected according to a price index on an annual basis, based on price rate, wage rate, and fuel rate. ♦ The operator also carries the cost of the travel guarantee (arrange other transportation if delays of 20 min or more).
Revenue	♦ HT carries responsibility for passenger revenues, and remains full control over the passenger tariffs. ♦ In addition to the basic allocation described above, the operator receives patronage incentives. See description above.	
Contract price and level of risk	♦ The basic allocations equals approx. €3,3 mln/year. ♦ The patronage incentives constitute app. 25% of the allocation.	
Monitoring provision	♦ Customer satisfaction and benchmarking (part of the nation wide "Kollektivtrafikbarometeren" operated by the employer organization SLTF). ♦ Self reporting by the operator ♦ Regular meetings in the above mentioned working groups, amongst which the Balanced Scorecard is of special importance when it comes to quality. ♦ Travel guarantee in case of delays (20 min or more).	♦ Economic penalties are used to avoid deterioration from agreed levels. If deterioration, the operator is committed to present a joint working plan in the particular working group. ♦ In case of repeated deteriorating customer satisfaction levels, the contract may be finalized.
External factors	♦ Exclusivity: Swebus is one of three operators running busses within the Halland region. ♦ Transport policies: Both HT and Swebus has committed themselves to participate in several ongoing working groups engaged in quality enhancing tasks, both at a tactical	♦ According to the contract both parties commit themselves to reaching an annual patronage growth of 2-3 per cent in the non-urban areas and 5-7 per cent in Halmstad. ♦ If the target is missed, the operator is responsible to effectuate a joint plan of

Main description	Remarks and variations
and a operational level.	action together with HT. ◆ To the outmost this is a cause of contract finalisation.

15 Innsbruck (A): Direct award to reorganised public operator

Direct award for a gross-cost contract to a reorganised public operator for the urban network of Innsbruck and neighbouring area (about 170 000 inhabitants). An essential feature of this case is the reorganisation of the former operator into an authority side and an operator side.

Main description	Remarks and variations
<p>General description of the contracting parties</p>	<ul style="list-style-type: none"> ◆ According to national law, the City of Innsbruck is responsible for the organisation of urban public transport and for guaranteeing / procuring an adequate supply of public transport services ◆ The IVB is the competent local authority and plans the network and the services to be offered - in accordance with the city administration departments of urban planning and traffic ◆ The bus service is operated by the municipal company InnBus GmbH - a legal entity totally distinct from the IVB. The tram and trolleybus services are still being provided by IVB, but the accounts of the department providing those services are separated from the “competent authority” accounts. ◆ As far as InnBus services on outbound lines to other municipalities are concerned, they are provided on account of the Regional Public Transport Authority, the Verkehrsverbund Tirol (VTT), and co-financed by the VVT, in the form of a service concession. ◆ The operator may subcontract some lines. InnBus is the sole operator for urban bus lines procured by IVB on behalf of the City government; so far there is no competition. Inn Bus has 140 busses
<p>General description of the contract type</p>	<ul style="list-style-type: none"> ◆ Gross cost contract ◆ There are no incentive clauses in the contract. There are, however, sanctions in case of the contractual services, in terms of bus-km, not being produced
<p>Awarding procedure</p>	<ul style="list-style-type: none"> ◆ A contract between the City and its competent authority regulates the quantity and quality of public transport services to be procured by IVB - via either tendering of contracts with operators or imposing public service obligations on operators. ◆ In case of competitive tendering, bidders must present transparent calculations to enable the authority to exclude bids based on non compliance with legal or collective bargaining requirements or apparent price dumping strategies as defined in national procurement law.

	Main description	Remarks and variations
Regime for Public Service Obligations	IVB has been imposing public service obligations pursuant to Reg. 1191/69, in the form of a “contractual imposition of PSO” and defined by a given timetable. It is published in the Official Journal of the EU, supplement S. The operator has line concessions for the network routes.	Compensation is paid in the form of a gross cost contract.
Policy goals and contractual goals (strategic level)	It is the City’s policy to at least maintain, preferably increase the market share of public transport and reduce the level of individual traffic	Additional goals defining the fundamental setup of the network and defining minimum standards regarding compliance with national and EC law as well as customer relationships and staff requirements and average age and environmental characteristics of the bus fleet are established in the contract between the City and its authority IVB and must be part of all agreements between IVB and operators.
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ The service design is defined exclusively by the authority. The operator is a carrier, with a gross cost contract. ◆ The operator neither can propose change in the service design nor may he change anything during the contracting period. 	
Service production (operational level)	Within the agreed standards the operator is free in the allocation of vehicles to the timetable.	<p>Drivers must have an adequate knowledge of German and an adequate knowledge of the territory - “adequate” in terms of customer information.</p> <p>In-house training of drivers and other staff according to standards of customer orientation set by the authority</p> <p>In house training of drivers with regard to road safety punctuality and reliability standards to be established by the authority, continuous reporting on the level of punctuality</p>
Regime for changes in production quantities or contract amendments during the contract period	The authority may “order” additional services / bus-km paying the price per km as established by the running gross cost contract.	The authority, IVB, is contractually bound to procure services with a lump sum defined in the contract. It is free to make adjustments in the network, as long as that does not imply higher costs or does not significantly decrease the overall service level. To procure additional services not covered by the lump sum agreed upon, it must first have the approval of the city government.
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Road infrastructure is owned by either Land or municipal government. Bus stop facilities are owned by the City but will probably be transferred to the authority. ◆ The bus depot is owned by the authority, the operator rents the space for the buses ◆ Maintenance workshops are owned by the authority, the operator pays for the use ◆ Vehicles: Vehicles are owned by the operator 	
Status of the personnel	The contracting authority is free, but not legally obliged to impose take-over in case of a change of operator.	At the moment, older staff of the IVB, e.g. some drivers, is “on lease” to InnBus; in case of a change of operator they would automatically be returned to the IVB. All new staff of InnBus - currently about ½ - fall under “normal” private sector labour regulations.
Cost	<ul style="list-style-type: none"> ◆ Operator carries all internal (e.g. production risk) and external risks (e.g. increased costs for input factors) on his own: personnel, energy, maintenance, etc. ◆ The gross cost contract is subject to annual increases defined by the national price index / inflation level. No other variations or renegotiations are possible. 	<p>Marketing, ticketing, customer information, complaints management etc. is done by the authority.</p> <p>Infrastructure maintenance and the entire overhead of the public transport system is covered by the lump sum guaranteed to the authority by the City government.</p>
Revenue	All ticket revenue goes to the authority, and	

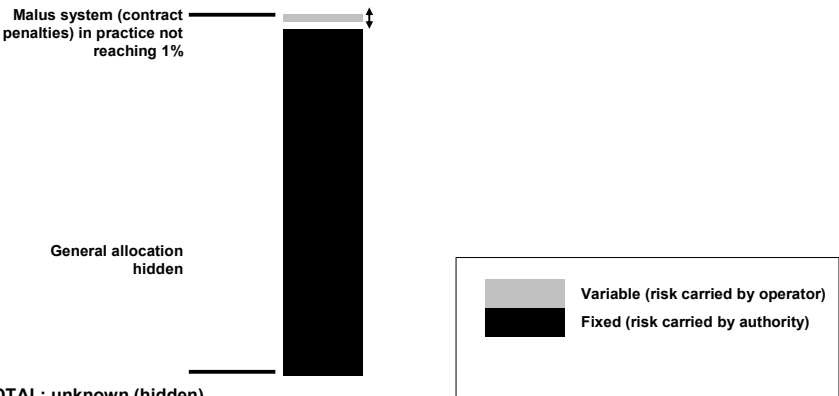
Main description	Remarks and variations											
	the same is true for other revenue such as state funds for the free transport of pupils, or Land compensation for the enforcement of the unified Verbundtariff system.											
Contract price and level of risk	The present annual contract value is € 15 715 805.41 for a total of 5.15 million bus-km											
	<p style="text-align: center;">Level of risk – Inn Bus / regional bus services for Verkehrsverbund Tirol</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="background-color: black; color: white; padding: 2px;">17,71 %</td> <td style="padding: 2px;">federal reimbursement for free schol transport – guaranteed by the authority</td> </tr> <tr> <td style="background-color: grey; color: white; padding: 2px;">39,16 %</td> <td style="padding: 2px;">passenger revenue</td> </tr> <tr> <td style="background-color: black; color: white; padding: 2px;">43,13 %</td> <td style="padding: 2px;">compensation for PSO such as unified Verbund ticket</td> </tr> </table> <div style="border: 1px solid black; padding: 5px; margin-left: auto; margin-right: auto; width: fit-content;"> <p style="font-size: small;"> Variable (risk carried by oepreator) Fixed (risk carried by authority) Year: 2005 Note: data has been simplified. </p> </div> <p style="text-align: center; margin-top: 20px;">Level of risk – Inn Bus urban transport Innsbruck</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="background-color: grey; color: white; padding: 2px;">5 %</td> <td style="padding: 2px;">real operational costs potentially exceeding contracted costs</td> </tr> <tr> <td style="background-color: black; color: white; padding: 2px;">95 %</td> <td></td> </tr> </table> <div style="border: 1px solid black; padding: 5px; margin-left: auto; margin-right: auto; width: fit-content;"> <p style="font-size: small;"> Variable (risk carried by oepreator) Fixed (risk carried by authority) Year: 2005 Note: data has been simplified. </p> </div> <p style="text-align: center; margin-top: 20px;">Operator Inn Bus cross cost contract</p>		17,71 %	federal reimbursement for free schol transport – guaranteed by the authority	39,16 %	passenger revenue	43,13 %	compensation for PSO such as unified Verbund ticket	5 %	real operational costs potentially exceeding contracted costs	95 %	
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Monitoring provision	Since the operator is under control, via on board units, of the electronic monitoring and steering system of the authority, the authority automatically receives the full data base regarding reliability and punctuality.	The authority, on the other hand, is obliged to produce - twice a year - quality reports with all the data collected by the monitoring system as well as available data on customer satisfaction, for the City government. There are, however, no financial incentives for the authority.										
External factors	The operator has, in fact, the exclusive right to provide the services within the urban network on the lines assigned to him, since the national law on line concessions does not allow “parallel services”	There is, however, a contractual commitment of the City government in the contract with the authority: In case of deterioration of the urban traffic situation, and whenever the city administration fails to react with adequate traffic organisation - such as priority for public transport - IVB may enforce negotiations with the aim of either improving traffic										

Main description	Remarks and variations
	conditions or getting financial compensation for higher costs incurred as a result of traffic conditions.

16 Krakow (PL): Direct award to public operator without exclusivity

Gross cost contract awarded directly to a public operator. No exclusivity for the public operator: private operators can enter easily to operate commercial routes, and many provide service mainly in suburban districts.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: City of Krakow, represented by the Street Administration of Krakow. This is a city with a huge university, and is the cultural capital of Southern Poland, as well as an industry centre with its steel company (Nowa Huta) and modern international companies. ◆ Operator: MPK is 100% owned by the City of Krakow. MPK is the only operator having a contract (PSO). ◆ Transport mode concerned: trams and buses. 	<p>Size of the urban area concerned: 750 000 inhabitants of the city of Krakow, 327 km²</p> <p>Specificities of the local legal regime,</p> <ul style="list-style-type: none"> ◆ There is no competition for the financial grants from the City to the municipal operator. ◆ The operation of the transport service is not linked with any exclusivity. ◆ Many small private operators deliver profitable transport services without any subsidies (especially in the suburban districts). For this kind of competition a company needs only an authorisation for transporting people (which is to get having only one van for 10 person) and then it can plan its own routes. Private operators do not have any PSO and they do not get public subsidies. They operate on their own economical risk. The authority has no influence on their transport quality. The buses of the private operators are often small, old and do not meet any specific standards (they are often similar to the “marshrutkas” in the ex-USSR)
General description of the contract type	Gross cost contract. The authority pays for the public service a fixed price per vehicle-kilometre. The contract regulates bus (8 years contract duration) and tram (14 years contract duration) services.	
Awarding procedure	Free hand negotiations (direct awarding)	Free hand negotiations are a form of direct awarding in the polish procurement law. It means that the authority negotiates the contract price with only one chosen operator, in this case with the town-owned MPK
Regime for Public Service Obligations	PSO is a contract between the authority and the operator, based on the polish procurement law. It has three parts: tram service, bus service and supplement services (printing and selling of tickets).	
Policy goals and contractual goals (strategic level)	<p>Policy goals:</p> <ul style="list-style-type: none"> ◆ Improvement of quality and efficiency within the public transport ◆ Provide an attractive offer and alternative to the individual transport ◆ Environmental improvement with respect to ecological quality, transport safety and quality of life in Krakow <p>Contract goals:</p> <ul style="list-style-type: none"> ◆ Allowing to introduce competitive tendering in the future 	
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ The authority defines the routes, fares and the criteria (like frequency, vehicle size etc.) for the timetable and at last accepts the timetable ◆ The operator defines the timetable based on the of the criteria of the authority ◆ The operator has no right to change the 	

Main description	Remarks and variations
	service design, except for cases of detours (by building places or closed streets), but only after that the authority has accepted
Service production (operational level)	All operational competences are at the responsibility of the operator
Regime for changes in production quantities or contract amendments during the contract period	Authority is allowed, to take away 8-15% of the production quantities from MPK. This shall then be tendered in a competitive tendering procedure
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Ownership of the authority ◆ Vehicles (buses and trams) and maintenance facilities: Ownership of the operator
Status of the personnel	No specific regulations
Revenue components	The authority carries risks related to the amount of fare revenues.
Cost components	<ul style="list-style-type: none"> ◆ The operator carries personnel, vehicles, energy, maintenance etc. costs. ◆ Incentive mechanism: only penalties for bad quality. Level of quality to be maintained is explained in the contract. The maximum level of penalties is hidden, but in practice it is not possible to be more than 1% of the payments. ◆ Investment risks: the operator carries vehicle investment risks; the authority carries infrastructure investment risks.
Contract price and level of risk	<p>Contract price is hidden</p> <p style="text-align: center;">Level of risk – MPK Kraków (Cracow, Poland)</p> 
Monitoring provision	Monitoring rules not known.
External factors	<p>Exclusivity: MPK is the only operator which gets payment from the authority but the operation of the transport service is not linked with any exclusivity.</p> <p>Transport policy issues: the city plans to award 8-15% of the bus service in a competitive tendering procedure in the years to come.</p>

17 Leeds (GB): Quality partnership within free market

“Quality partnership” between authority and operators to create an enhanced bus service, based upon “guided buses” on a specific bus corridor in the city of Leeds. This is a voluntary agreement under free market conditions, without exclusivity nor subsidy payments.

	Main description	Remarks
General description of the contracting parties	A requirement to upgrade the bus services on Scott Hall Road, York Road and Selby Road was identified. The highways authority for the three corridors (Leeds City Council) and Metro formulated an agreement with the bus companies on the corridors, FirstLeeds and Arriva.	
General description of the contract type	Form of “Gentlemens’ Agreement” whereby the parties fulfil their obligations for an honourable reason - however, agreement is not legally enforceable.	The common principle is the recognition that under a commercial, deregulated regime, the objectives of the bus operator and those of the local authority can be met most effectively if they work in partnership with a common set of objectives.
Awarding procedure	No formal process for award - typically by mutual agreement between authority and incumbent operator. The form of agreement is voluntary, under free market principles - may be initiated by either authorities or operators.	
Regime for Public Service Obligations	(Not relevant)	
Policy goals and contractual goals (strategic level)	Quality Partnership can meet objectives which authorities have set out in Local Transport Plan (LTP). LTPs are submitted to and funded by Department for Transport	Although bus operators and local authorities have some common objectives, the overlap is only partial, which can be a source of contention when LA and bus operator objectives are in conflict (e.g. commercial objectives v. accessibility objectives), or where a number of competing operators offering services at a range of qualities provide services on a corridor, making it difficult to formulate an agreement to the satisfaction of all parties.
Service definition (tactical level)	Generally, under a quality partnership an agreement is made to secure investment by both parties for mutual benefit (new buses by operator / infrastructure - bus priorities and shelters by the authority, although the operator may also contribute). They tend to be corridor specific but could potentially cover a network.	
Service production (operational level)	Operator	
Regime for changes in production quantities or contract amendments during the contract period	The operator is not compelled to provide a particular level of services. However, any change to timetabled services must be notified at least 56 days in advance for the change taking effect.	-
Ownership	No change in asset ownership: <ul style="list-style-type: none"> ◆ Infrastructure, including roads - highways authorities ◆ Vehicles and depots - operators ◆ Information Systems - mixed ownership 	<ul style="list-style-type: none"> ◆ Metro and Leeds City Council provided capital funding, through a series of major schemes funding bids to the Department for Transport. This capital funding paid for guideways constructed along the three radial routes. In all around 10 km of guideway was provided. ◆ The bus operators agreed to provide new buses equipped with guidewheels to allow the buses to use the new guideways.
Status of the personnel	-	-

	Main description	Remarks
Cost	<p>Each party responsible for own costs both in terms of capital investment and on-going operating and maintenance expenditure. I.e.:</p> <ul style="list-style-type: none"> ◆ Operational costs: Operator carries risk on operational costs: personnel, energy, maintenance etc. ◆ Investment: Operator responsible for capital investment in fleet. Authority responsible for investment in infrastructure, which is a significant cost for a guided busway. 	<p>Bus operators may make some contribution to investment in elements of joint system - such as on-bus equipment for real time information system - or agree to cover future operating and system maintenance costs. In some cases, operators may contribute to infrastructure improvements.</p>
Revenue	<ul style="list-style-type: none"> ◆ Passenger revenues accrue to bus operators. ◆ Metro benefits if revenues rise on non-commercial supported services. 	<p>Mixed results: A possible situation can occur whereby patronage and revenue increase by up to 30 % at a corridor level, although this might only be due to some abstraction from other services.</p>
Contract price and level of risk	<p>Terms of partnership agreement are generally not enforceable - political changes may affect implementation of infrastructure measures and changes in competition may affect commitment of bus operators to provide high quality vehicles or consistent standards. However, in the case of the Leeds guided busways, high quality infrastructure and vehicles have been maintained over the life of the scheme to date (1995-present).</p>	<ul style="list-style-type: none"> ◆ A key element in any partnership is trust between the parties but it is clear that there are varying levels of commitment, which is creating pressure for more formal, contractual agreements in some areas. ◆ Agreements may be made binding as Statutory Quality Partnership (first in Dundee effective April 2006)
Monitoring provision	<p>Changes in passengers numbers are often monitored, but on an ad-hoc basis. Effects such as abstraction of passengers by the new service from other routes may not be picked up.</p>	
External factors	<p>Exclusive access to enhanced facilities is not permitted under competition rules, creating potential for "free riders".</p>	<p>However, in the case of guided busways, the infrastructure can only be used by buses equipped with guidewheels, which effectively restricts it to modern vehicles.</p>


18 London (GB): Tendering of gross-cost bus route contracts

Gross-cost contracts for single bus routes (about 700 contracts) awarded in competitive tendering in the London area for a period of 5+2 years under specific operational quality incentives. All service planning is done by “Transport for London”.

Main description	Remarks and variations
<p>General description of the contracting parties</p>	<p>◆ Authority: TfL (Transport for London). Transport for London (TfL) was created in 2000 as the integrated body responsible for the Capital's transport system. The primary role of TfL, which is a functional body of the Greater London Authority, is to implement the Mayor of London's Transport Strategy and manage transport services across the Capital. TfL is responsible for London's buses, the Underground, the Docklands Light Railway (DLR) and the management of Croydon Tramlink and London River Services. The special department “London Buses” within TfL is responsible for tendering and supervision of bus operations.</p> <p>◆ Operator: 15 private operators currently provide bus services in London. All routes are tendered. There are 7 operators which cover over 80% of the tendered services: Arriva, First Group, GoAhead, Macquarie (formerly Stagecoach), Metroline, Transdev and National Express.</p>
<p>General description of the contract type</p>	<p>◆ London buses operate under gross cost contracts (authority carries revenue risk). The combination with a quality incentive contract aims to provide incentives for operators to undertake investment in their operation, despite the fact that they have no control over the revenue as such.</p> <p>◆ Contracts in London are now 5 years with a possibility of a 2 year extension, which makes the final possible contract length 7 years. Customer satisfaction measures (e.g cleanliness, quality of driving) are included in qualification for extension.</p> <p>◆ Administration costs are minimised by use of a common tender process, and use of a single form of contract with standard requirements.</p>
<p>Awarding procedure</p>	<p>◆ TfL has awarded about 700 contracts (each route has its own contract, there are no routes combined in one contract). There is a rolling programme of tenders to spread the workload. Routes within an area or corridor may be tendered at the same time to provide opportunities for package bids which may offer better value.</p> <p>◆ Once every year TfL publishes a request in the European Journal for operators wishing to be invited to tender. This is an EOI-like procedure, where the interested operator has to provide general financial information, proof health/safety compliance, show that he has established a quality system etc. If accepted the operator gets onto the “The approved bidder list”. However, the approved bidder list places no legal obliga-</p>

Main description		Remarks and variations
		<p>tions for TfL. Any operator which already runs a service is automatically included on the approved bidder list for future contracts.</p> <ul style="list-style-type: none"> ◆ TfL will inform operators on the approved bidders list, about details of upcoming tenders 2-3 months in advance. ◆ As a final step the operator then needs to bid for service.
Regime for Public Service Obligations	The Department for Transport provides funding to Transport for London which is empowered to procure services under contract.	The Government has defined a Public Service Agreement target including growth in bus patronage in England and Wales of 10% over the ten years between 2000 and 2010.
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ Main public transport policy goals: The main public transport policy goals are set out in the Mayor's Transport Strategy. To support the vision of London as an exemplary sustainable world city, the Strategy aims to increase the capacity, reliability, efficiency, quality and integration of the transport system. ◆ Specific contract goals: The goals of the contract mirror the general goals. The primary goal is the improvement of the reliability. Historically, contract operators were penalised for lost mileage due to factors within their control (staff shortage, vehicle breakdown) but not for traffic congestion. A new Quality Incentive Contract scheme was introduced with a bonus/deductions system to encourage operators to also manage the impact of congestion and minimise the effect on services. 	<p>The following list shows an example of policy goals:</p> <ul style="list-style-type: none"> ◆ reducing traffic congestion; ◆ reducing car dependency; ◆ minimising negative environmental impacts; ◆ improving the accessibility - thus improving social inclusion; ◆ affordable public transport fares; ◆ better information and waiting environment.
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ Before tendering TfL London Buses defines the network and specifies minimum service levels including times of first and last buses. TfL defines the ticket products and sets the fares. TfL is also responsible for all marketing and information, sets and monitors performance standards, looks after stops, shelters and bus stations. ◆ During the tendering process the bidder must provide a compliant bid but may also offer alternative options where these might offer better value to TfL. Options might include extending a route or offering alternative vehicle types or age of vehicle. ◆ During the contracting period routes and timetables can be changed at the direction of TfL if circumstances have changed. This might for example be the case if a new retail development opened which generated additional demand, or where a road closure or diversion resulted in extended journey times. Contracts are under constant review and there is no limit on the number of changes which can be undertaken during a contract period. 	
Service production (operational level)	The operator is required to specify the number and type of vehicles to be allocated to the service. For the most part, all services on a specific route are provided by a single vehicle type. There may be some variation between vehicles allocated on weekdays and Sundays. Certain journeys may be specified with higher capacity vehicles for school demand peaks.	
Regime for changes in production quantities or contract amendments during	Contracts are under constant review. There is no limit to the number of changes which can be undertaken during a contact period.	In case of contract changes, the contract price can be renegotiated. TfL owns a good benchmarking system to negotiate a good

	Main description	Remarks and variations
the contract period	Changes might for example be necessary if a new supermarket opens or a company closes etc.	price. All in all TfL sees the relationship with the operators more as a partnership to deliver a good service for the passenger, therefore it does not feel that an operator will take advantage of the situation and ask for a price which is too high.
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Road infrastructure is managed by Transport for London (580km of the main road network) or Local Boroughs (33 000 km). TfL and the Boroughs invest in and enforce bus priority measures. ◆ Vehicles: Most buses are owned by or leased by the operators. ◆ Other installations: TfL controls the stops and bus stations. Shelters are provided under an advertising funded joint venture. 	One of London's main problems is that the depots are also owned by operators. This makes it difficult for new market entrants, as planning controls make the construction of a new depot impossible in certain areas. If vehicles are based further away, the additional (dead) mileage needed to position the buses for service makes the bid uneconomic.
Status of the personnel	The Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246) is the main piece of legislation governing the transfer of an undertaking, or part of one, to another. The regulations are designed to protect the rights of employees in a transfer situation enabling them to enjoy the same terms and conditions, with continuity of employment, as formerly.	
Cost	<ul style="list-style-type: none"> ◆ Operational costs: The operators carry the risk on operational costs: personnel, energy, maintenance etc. Contract prices are subject to annual increases in accordance with the retail price index. ◆ Investments: The operators are also responsible for the investment in buses and other operational assets. TfL is responsible for the investment in stops, shelters and bus stations. 	
Revenue	<ul style="list-style-type: none"> ◆ TfL carries the risk on passenger revenue. Revenue from multi-modal tickets is allocated on the basis of survey estimates of passenger-kms. ◆ London buses operate under a "Quality Incentive" contract. These were introduced in 2000 and mean that operators are penalised for poor performance and rewarded for exceeding threshold targets for on-time performance. In cases of particularly poor performance TfL can take a contract away from an operator as a last resort. ◆ Customer satisfaction is assessed but is not used as a basis for payment of bonuses or penalties. 	<ul style="list-style-type: none"> ◆ TfL is responsible for setting the fares. ◆ Payments or penalties are depended on reliability of the bus services. This means for a low frequency service (less than 5 services per hour) that as a target the service has to be 80 % on time, an achievement of reliability of 82 % will entitle the operator of an increase of the contract price by 1.5 %, 84 % reliability to 3 % and so on. In case of unreliability, i.e. more than 78 % of the services are delayed, a 1 % deduction will be undertaken from the contract price, and an unreliability rate of 76 % will lead to a 2 % reduction and so on. Operators are able to earn +15% of contract price in bonus payments and penalty payments can be 10%. Please note that the system is far more complicated than described about, it should however indicate the mechanism.
Contract price and level of risk	<ul style="list-style-type: none"> ◆ Transport for London allocated £854 million for bus support in 2004/05. ◆ Individual contracts vary in the level of cost coverage. TfL website provides details of tender prices including the lowest and highest compliant bids, the accepted bid and the price per mile. 	<ul style="list-style-type: none"> ◆ Contracts are renegotiated where there is a substantive change required to the pattern of operations (see section below). ◆ The performance regime is defined so that it does not impose penalties disproportionate to the impact on users. Performance statistics are published quarterly. ◆ Consistent poor performance will result in the withdrawal of the contract or all contracts allocated to a particular operator.

Main description	Remarks and variations
<p>Advertisement revenues</p> <p>Reliability Bonus Payment</p> <p>Reliability Penalty Payment</p> <p>General allocation due to contract price</p> <p>TOTAL: Variable by route</p>	 <p>Up to 2 % generally</p> <p>Range: Bonus 1.5 % - 15 % of contract price Operator carries responsibility for reliability</p> <p>Range: Penalty 1 % - 10 % of contract price</p> <p>Variable (risk carried by operator)</p> <p>Fixed (risk carried by authority)</p>
<p>Monitoring provision</p>	<p>◆ The “Quality Incentive” contract payments are based on a monitoring regime primarily measures the reliability of the buses. The contract dedicates a whole section to reliability. It states for example at which location and what frequency the monitoring exercise will take place.</p> <p>◆ In addition Customer Satisfaction Surveys are carried out, measuring waiting time & riding, driving standard, cleanliness, information at bus stops, etc.</p> <p>◆ Other monitoring mechanisms include: Mystery Travellers, driving standards reporting, accident & incident reporting, environmental reporting etc.</p> <p>◆ Operator league tables are published for reliability and excess wait time. Other quality indicators are reported at network level only.</p> <p>Presently monitoring is undertaken manually, with a hand held device. However TfL is in the process of introducing GPS in the future. This tracking system would have additional benefits, such as passenger information.</p>
<p>External factors</p>	<p>The routes are operated on an exclusive basis by the successful contractor. It is possible for operators to propose commercial services but TfL is under no obligation to allow participation in its ticketing schemes.</p>

19 London (GB): Tendered gross-cost contract (rail) with incentives

Contract with several incentives for the operation and maintenance of the Dockland Light Railway (Eastern area of London) for the period 2006-2013. Contract awarded in a competitive procedure.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: TfL (Transport for London), created in 2000 as the integrated body responsible for the Capital's transport system. The primary role of TfL, which is a functional body of the Greater London Authority, is to implement the Mayor of London's Transport Strategy and manage transport services across the Capital. DLRL (Docklands Light Railway Ltd) is a wholly owned subsidiary of TfL and responsible for delivering TfL's objectives in relation to the Docklands Light Railway. ◆ Operator: Serco Docklands ◆ Initiative: Authority initiated regime. 	Extensions to the DLR system infrastructure have been procured under concession agreements. The Lewisham extension was built and maintained by CLG Rail (24.5 year concession), and that to London City Airport by CARE (30 year concession).
General description of the contract type	<ul style="list-style-type: none"> ◆ The contract is connected to a fixed fee for a contracted level of service. It is combined with a regime for bonus/penalty payments depending on the quality of the service. There is also a small element of shared risk, as the operator gets paid a small toll per passenger, as an incentive to increase patronage. ◆ Generally DLR carries the revenue risk, and as such the core part of the contract with Serco can be seen as a gross cost contract. ◆ The contract covers a 7 year period to April 2013 but may be extended by up to 2 years. ◆ The contract payments include a fixed fee per period and a revenue fee, plus various additions and deductions in respect of performance. 	The nature of the operating contract changed at the time of re-tendering in 2005. The previous contract, let in 1997, provided for payments for operating an agreed level of service and latterly for a premium for the right to operate the railway. The operator was entitled to all passenger revenue (based on fares determined by TfL). The new contract is based on an availability type payment.
Awarding procedure	The contract was awarded following a competitive tendering process. Bids are evaluated on the basis of the most economically advantageous bid for DLRL.	<p>The following steps were followed:</p> <ul style="list-style-type: none"> ◆ Prequalification (October 2004) ◆ Invitations to tender issued to 4 bidders (March 2005) ◆ Initial Bid ◆ BAFO ◆ Evaluation ◆ Preferred bidder negotiations (November 2005) ◆ Contract award (March 2006) ◆ Start of operations (May 2006)
Policy goals and contractual goals (strategic level)	<p>Main public transport policy goals: As set out in the Mayor's Transport Strategy: support the vision of London as an exemplary sustainable world city, the Strategy aims to increase the capacity, reliability, efficiency, quality and integration of the transport system.</p> <p>Specific contract goals: Provide a service tailored to the needs of residents of and commuters to London Docklands and surrounding areas.</p> <ul style="list-style-type: none"> ◆ Maintain and enhance the reputation of DLR as a safe, reliable, high quality and frequent train service. ◆ Secure effective management and maintenance of the franchised asset portfolio 	

Main description		Remarks and variations
	<ul style="list-style-type: none"> ◆ Work in partnership with infrastructure concessionaires and other stakeholders to deliver capital projects ◆ Deliver a service with performance and quality that represents value for money for DLRL, TfL and passengers. ◆ Provide marketing services for the railway to ensure revenue maximisation. 	
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ DLRL defines the network of services and specifies minimum service frequencies by time of day in advance of tendering. The operator is also required to satisfy minimum capacity requirements (including provision for special events). ◆ TfL defines the range of ticket products and sets the fares throughout the franchise life. ◆ The base service plan may be enhanced at the discretion of the operator. 	Additions to the service are required as new infrastructure projects are completed during the life of the franchise.
Service production (operational level)	<ul style="list-style-type: none"> ◆ The franchisee is responsible for delivering services with defined levels of availability and performance. ◆ The franchisee must also perform all operating functions through direct employees and operating support functions by direct employees or subcontractors. 	
Regime for changes in production quantities or contract amendments during the contract period	The bid process required bidders to specify the costs associated with changes to operations following the opening of new infrastructure projects across the life of the contract.	
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Infrastructure is owned by DLRL or provided under concession agreements. The operator must maintain franchise assets but DLRL is responsible for the majority of capital expenditure. ◆ Vehicles: Rolling stock is owned by DLRL and leased to the operator at zero cost. 	
Status of the personnel	The transfer of staff to a new franchise was governed by Transfer of Undertakings (Protection of Employment) Regulations 1981 (SI 1981/1794) and the Acquired Rights Directive (EC77/187).	The regulations are designed to protect the rights of employees in a transfer situation enabling them to enjoy the same terms and conditions, with continuity of employment, as before.
Cost	<ul style="list-style-type: none"> ◆ The franchisee carries the risk on operational costs: personnel, energy, maintenance etc. Prices are subject to annual increases in accordance with the retail price index. ◆ At least 96% of trains must run 'on time' (within three minutes of the scheduled time) and with no more than 2% of trains cancelled per day. 	
Revenue	<ul style="list-style-type: none"> ◆ TfL carries the risk on passenger revenue. Revenue from multi-modal tickets is allocated on the basis of survey estimates of passenger-kms. ◆ The operator received a bonus payment (fixed toll) per passenger to stimulate increased patronage (amount not disclosed). 	
Contract price and level of risk	Contract value £400m over potential contract life (9 years).	

Main description	Remarks and variations
<p>Advertisement revenues</p> <p>Bonus payment for increased patronage</p> <p>Reliability, Quality, Availability Penalty/Bonus Payment</p> <p>General allocation due to contract price</p> <p>TOTAL: Confidential</p>	<p>Fixed toll per passenger</p> <p>Range: Bonus/Penalty less than 5 % of contract price</p> <p>Variable (risk carried by operator)</p> <p>Fixed (risk carried by authority)</p>
<p>Monitoring provision</p>	<ul style="list-style-type: none"> ◆ Service reliability and availability of facilities (lifts, escalators, ticket machines, information displays) are monitored to calculate availability of a daily and period basis. Station services, including tickets machines, lifts, escalators and information displays, must offer close to 100% availability. ◆ Customer Satisfaction Surveys are carried out quarterly covering overall service, cleaning, information, safety and staff responsiveness. At least 90% of passengers must be 'satisfied' with the train service - as measured by regular customer satisfaction surveys.
<p>External factors</p>	<p>The franchisee has exclusive rights to the operation of services.</p>

20 Lyon (F) : Tendered network management contract

Contract for the management of the urban public transport network of the Lyon agglomeration (1.3 million inhabitants): The assets (vehicles and installations, including bus, tram, trolley and metro infrastructures) are provided by the authority. The contract was awarded for the period 2005-2010 in a competitive procedure, including negotiation. The operator is submitted to separate incentives on production cost risk and revenue risk, with a quality monitoring system and various financial incentives.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ SYTRAL (Syndicat Mixte des Transports pour le Rhône et l'Agglomération Lyonnaise) is the organising transport authority in the Lyon region. SYTRAL is responsible for the transport policy, the management and development of the transport network and the delegation of its management to an operator. ◆ Keolis (45% owned by the SNCF group) is the manager of the network, through its local subsidiary Keolis Lyon, using the assets owned by SYTRAL. ◆ Authority initiated system. According to the French law, the organising authority is charges with creating passenger transport services. This task may be delegated to a contractor. This is the case in Lyon. 	<ul style="list-style-type: none"> ◆ SYTRAL regroups 16 elected politicians from the Lyon urban agglomeration and 10 elected politicians from the Département du Rhône, in which Lyon is located. It has an political executive board (8 members) and a president. It represents 57 municipalities, 400 km² and 1 300 000 inhabitants. ◆ SYTRAL has an administrative staff of 83 persons, which is charged of studying, preparing and executing the decisions of the board. It is composed of four main services: finance and HRM (including debt management), infrastructures (management of transport system assets and ICT), operations (market research, road management related to public transport, fares, etc.), development (project management of extensions to the rail and BRT infrastructure network)
General description of the contract type	The contract is akin to a net-cost contract, with however a differential treatment of cost and revenue risks. The contract is officially qualified as "régie intéressée" for a period of 6 years for the regular and school transport.	<ul style="list-style-type: none"> ◆ The operator receives pre-established annual payments for the cost (split between electric energy and other costs) of providing the quantity and quality of services ordered. ◆ The operator is contractually bound to transfer a minimum amount of passenger revenue to the authority for each contract year (including details of ticket sales).
Awarding procedure	Competitive tendering with pre-selection and negotiated procedure according to the French legislation on "Délégation de Service Public" (so-called Loi Sapin).	
Regime for Public Service Obligations	Contracting after competitive tendering, and limited amendments to the contract ("avenants" during the contract period).	
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ Public transport policy goals: development of main tram and trolley lines, more intermodality, better area coverage, network development, contribute to the beauty of the city, contribute to social equity, serve poor and industrial areas, reduce pollution, improve insecurity in public transport. ◆ Contract goals: the operator improves the productivity of the means of production used, while providing the services ordered by the authority, and guaranteeing continuity and quality. This contract aims specifically at stabilising the financial contribution for the operation of the network, at improving the attractiveness of the network and at improving the transparency in the delegation of the public transport service. 	SYTRAL determines the needs for new public transport infrastructures.

	Main description	Remarks and variations
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ SYTRAL determines supply (routes, period of operation, frequencies, location of stops), the fares and defines the quality to be provided (regularity, cleanliness, availability, information standards, security of passengers, control on fare evasion). ◆ The operator must suggest service improvements during the contract period, and/or to help the authority in choices pertaining public transport policy. The operator includes an analysis on cost and revenue impacts. The authority must decide upon these proposals within a 3 month delay. ◆ The operator may modify services upon its own initiative, but only to a maximum of 1% above or below the contractual total yearly supply of vehicle-km. The authority may request returning to the original situation. The operator may not create new stops or lines and is limited to 15 minutes above or below the contractually agreed operational period. 	<ul style="list-style-type: none"> ◆ The operator is required by the contract to use the "TCL" network brand and logo determined by the authority. The operator may not use its own name in communication to the passenger and on the vehicles. ◆ A specific list of communication and marketing initiatives to be realised before a specific date is included in the contract. These initiatives result from the contractual negotiations between authority and operator.
Service production (operational level)	<ul style="list-style-type: none"> ◆ Keolis operates the network, using the assets of SYTRAL, according to the contractual requirements on supply and quality. ◆ The quantities to be provided (in vehicle-km) are indicated per route in the contract. 	<p>16 bus routes are sub-contracted to other operators (historical) representing a total of 2 mln vehicle-km per annum.</p> <p>The operator must control these operations as if they were his own.</p>
Regime for changes in production quantities or contract amendments during the contract period	<ul style="list-style-type: none"> ◆ The authority may unilaterally modify the services to be provided during the contract period. The operator provides a report on the cost and revenue consequences of such changes. This is followed by a final decision by the authority. Additional operational costs are paid to the operator on the basis of the contractually pre-determined marginal production costs per vehicle-km and driver-hour. Consequences on the revenues are taken into account on the basis of a case-by-case study. ◆ The contract can be unilaterally terminated by the authority at the end of the 4th or 5th year. The authority may also lengthen the contract by a maximum of 1 year. 	<ul style="list-style-type: none"> ◆ The operator must provide to the authority all information needed to allow a smooth re-tendering of the network. Detailed management data is included in this list. ◆ The operator must also provide all (analytical) accounting information requested by the authority within a delay of 5 days. The authority is given direct electronic access to specified parts of the accounting.
Ownership	<ul style="list-style-type: none"> ◆ SYTRAL owns all infrastructures, vehicles, buildings and ICT-systems related to the public transport network. All assets are listed in an appendix to the contract. New assets can be added by the authority during the contract period. ◆ The operator owns only those assets not directly needed for network operation (such as its office equipment, etc.) 	<p>The operator updates a file describing the assets and the state of the assets used on the network. An appendix to the contract specifies the obligation of the operator in terms of maintenance of the assets.</p>
Status of the personnel	<p>The contract stipulates that the personnel from the existing operator linked to the operation of the contract is to be taken over by the new operator in case of a change in operator.</p>	<p>This includes an obligation for the operator to guarantee continuity of operations at the moment of a transfer to a new operator by helping the new operator to take over operations.</p>
Costs	<ul style="list-style-type: none"> ◆ The operator is in charge of operations, promotion and sales, and also of management and maintenance of infrastructures. ◆ The annual contractual price for production costs is fixed in the contract for each year of the contract. This amounts revolves around € 250 mln/year and is indexed according to a formula taking into account the percentages of the various costs of production of public transport services. The variation of costs (apart from energy and social payments) is limited to the inflation 	<ul style="list-style-type: none"> ◆ Specific investment by the authority in its assets is listed in the contract such that its incidence on operational costs is assumed to be included in the contractual payment to the operator. ◆ Costs resulting from vandalism to vehicles are in charge of the operator. Costs to bus and tram stops are born by the authorities. Costs to underground installations are borne by the operator. ◆ Cost increases due to additional services provided by the operator are to be born by

	Main description	Remarks and variations
	<p>percentage.</p> <ul style="list-style-type: none"> ◆ Changes in the average commercial speed of bus and tram in excess of +/- 0.3 km/h lead to the opening of discussions on amendments to payments to the operator (according to a specific formula). Changes due to specific road investments leading to productivity increases for the operator lead to a calculation of induced savings and amendment in the payments. ◆ A quality monitoring system leads to quarterly bonuses and/or penalties. The maximum yearly bonus is EUR 700 000 and the maximum penalty is EUR 2 000 000. ◆ Investments in existing assets (for renewal and productivity) are carried out by the operator for the account of the authority on the basis of a pre-established calendar of expenses. The necessary amounts for project management are part of the general contractual payment by the authority. The payments of investments borne by the authority are based on an agreed specified investment program and amount (€ 60 mln over the contract period). ◆ Investments in new assets (underground and tram extensions, BRT etc.) are carried out by authority. The authority makes use of loans to flatten investment peaks (average investment is € 150 mln/year, varying from € 50 mln/y up to € 250 mln/y). 	<p>the operator. Decreases in production quantities lead to a lower payment by the authority, according to the contractually agreed marginal costs, specified per type of vehicle.</p> <ul style="list-style-type: none"> ◆ A monthly report is produced for not operated services. Costs reductions for services not operated due to external causes (demonstrations, etc) lead to a lower payment if this exceeds 0,5% of annual km. Above 2% a special negotiation is needed. Costs reductions for services not operated due to internal causes lead to a lower payment + 50% if this exceeds 0,3% of annual km. Costs consequences of strikes are fully born by the operator. ◆ Communication (service promotion) costs incurred by the operator have to be reported to the authority for each expense above EUR 10 000.
Revenues	<ul style="list-style-type: none"> ◆ The operator commits itself to reach a specific amount of passenger revenue for every single year of the contract. ◆ Two contractually specified non-linear growing lines (with yearly rates of growth varying between about 1% and about 5%) are also agreed. The highest growing line amounts to € 118 330 000 for 2005, growing to € 135 169 000 for 2010 (€ 132 643 000 for the lowest growing line). The realisation of the revenues determines the incentive payment. Additional revenues above the highest growing line are shared 50/50 between the operator and the authority. Between the two lines, the operators may keep only 10% of those revenues. ◆ Besides further complex details of the incentive mechanism, the operator is obliged to pay to the authority at least a specific amount of revenues (revenue guarantee), even if the real revenues fall below that amount. 	<p>The fares are determined by the authority, who consults the operator in case of fare changes. The operator produces an estimate of the incidence of a fare change on revenues,</p>
Contract price and level of risk	<ul style="list-style-type: none"> ◆ The contract payments are composed of both the cost and revenue components presented above. ◆ A visualisation of the risk components is impossible due to the complexity of the incentive system. 	<p>In 2005, passenger revenues represent 26% of the total financing needs of the network, and 44% of the operational costs (excluding amortisation, etc.) 44% of total financing needs is covered by a specific transport tax paid by local businesses.</p>
Monitoring provision	<ul style="list-style-type: none"> ◆ The authority measures the quality provided by the operator using the following indicators: cleanliness, information, rolling stock availability (reserve), staff availability for the passengers, driving style, regularity, production, environment, fare evasion and certification. The various indicators and the levels to be reached by specific dates and the bonuses and penalties affected to them are defined in the contract. 	<ul style="list-style-type: none"> ◆ The operator has to establish a passenger charter to inform passengers about its commitments, its results and its improvement actions. ◆ Specific penalties have been applied in 2005 and 2006 amounting to € 200 000 in 2005 and € 300 000 in 2006.

	Main description	Remarks and variations
	<ul style="list-style-type: none"> ◆ The authority has to power to control and visit the operators at all moments. Specific penalties can be imposed. 	
External factors	The operator is given the exclusivity for the existing services and a list of services to be created (included in the contract).	Some services are excluded from this list, meaning that the operator is not guaranteed to be the operator of two of a rail and tramway line to be created.

21 Manchester (GB): Tendering non-commercial routes

Competitive tendering for non-commercial routes (in addition to the commercially provided free market initiative routes). Net cost contracts for 5 years for specific journeys, routes of package of routes in the Manchester area.

	Main description	Remarks
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: GMPTe is responsible for letting supported bus services across Greater Manchester, a Metropolitan County made up of ten constituent district authorities. ◆ Operator: A range of operators provide supported services. ◆ Initiative: market initiated regime, where the authority complements the free (de-regulated) market with additional non-commercial services. Tendered services have no exclusivity. 	<ul style="list-style-type: none"> ◆ Major providers are the dominant bus groups in the conurbation - FirstGroup, Stagecoach and Arriva. All three companies are stock exchange listed PLCs. A number of smaller companies also provide supported services, including some small scale tertiary sector providers, such as community minibus organisations, which rely on an element of volunteer assistance. ◆ Some specialist services are operated for schoolchildren and elderly/disabled people with restricted mobility. These may involve specially adapted vehicles.
General description of the contract type	<ul style="list-style-type: none"> ◆ Contracts typically let for 5 years but may be for any period up to 5 years. ◆ Under GMPTe net cost contracts are the usual form - operator takes revenue and cost risk, in return for fixed payment. ◆ GMPTe support around 600 supported services. Expenditure in 2004/5 was £25.5mn 	<ul style="list-style-type: none"> ◆ Contracts may be let for specific journeys, a specific route or a package of routes. Packaging of routes can be used to reduce the overall cost of supported services. ◆ In some instances GMPTe will negotiate directly with a commercial operator for minor route variant or journey extension (known as de-minimis contract). This is subject to a ceiling as a proportion of overall expenditure by the authority. ◆ Gross cost contracts are generally also possible, i.e. where the authority takes revenue risk. This is used in cases where there is uncertainty about the potential market.
Awarding procedure	<ul style="list-style-type: none"> ◆ Contracts are let by competitive tender. ◆ Documents sent to operators on approved list or register of potential suppliers. ◆ Potential for bidders to offer package bids or variant bids. 	
Regime for Public Service Obligations	Contract.	
Policy goals and contractual goals (strategic level)	GMPTe applies a scoring system to assess the value of services to order, including subsidy costs per passenger and per mile. This is currently being revised to include scoring relating to the extent the service contributes to meeting accessibility targets.	A system of National Performance Indicators was proposed for supported local bus services in Scotland but following consultation, the implementation of these has been postponed. Publishing guidelines could open the risk of selective de-registration of commercial services, in the expectation that they would be offered for tender.
Service definition (tactical level)	Services are defined by the authority, but operators may (sometimes) suggest variant bids.	
Service production (operational level)	Responsibility of the operator.	
Regime for changes in production quantities or contract amendments during the contract period	The operator can surrender the contract, after a set notice period, if they no longer wish to provide the service under the contract terms.	
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Bus stations are provided by GMPTe. The borough authorities own/control the road infrastructure. The Police are responsible for enforcing parking restrictions and car bans in bus lanes. Many 	In some limited cases authority may lease or purchase vehicles for operator to use (generally where specification is outside normal).


Main description	Remarks	
<p>bus shelters are owned by a separate organisation, Adshell, who provide and maintain many bus stops in return for the advertising revenue they earn from displaying posters in the shelters.</p> <ul style="list-style-type: none"> ◆ Bus operators provide infrastructure related to vehicles - e.g. depots, washers etc. ◆ Vehicles are owned by operators. 		
Status of the personnel	-	
Costs	<ul style="list-style-type: none"> ◆ Operating cost risk with operator, although services can be curtailed with one month notice, in which case GMPTE must invite new tenders for the services. Because these are being let at short notice, operators are likely to charge a premium. ◆ Investment cost risk usually with operator although most operators will seek to recover vehicle depreciation costs over the notional life of the contract (although the contract may be ended before this). 	<p>Increases in bus drivers' wages, fuel and insurance costs have led to the price of supported services contracts (when the contracts are renewed every five years - intermediate price rises are linked to inflation) increasing above the rate of inflation over the past five years, which in turn has led to cuts on some marginal services.</p>
Revenues	<p>Passenger Revenues: Authority determines fares and ticket types to be accepted (with reference to commercial fare scales).</p> <ul style="list-style-type: none"> ◆ Under net cost regime revenues accrue to bus operator and operator bears risk of competitive activity. ◆ Authority keeps revenue and bears revenue risk with gross cost contact. 	<ul style="list-style-type: none"> ◆ Generally PTEs need to determine rules for allocation of off-bus ticket revenues (particularly where other operator commercial tickets accepted). ◆ Competitive activity may undermine viability of net cost contract services, leading operator to surrender contract.
Contract price and level of risk	<p>Under the GMPTE regime the operator generally carries all the risk.</p> <p>For the authorities the following risk occurs: Number of bids per tender has declined progressively in many areas - often single operator bid, particularly in instances where the contracted service is the early morning/ evening elements of an all day service.</p> <p>Operators can surrender the contract if they wish to and the authority is then responsible for procuring a new service. If this is through an "emergency tender" it may be accompanied by a substantial cost increase.</p>	
Monitoring provision	<p>Contract may include performance regime with penalties for non-performance or non-compliance with contract standards. Performance regime varies between authorities.</p>	
External factors	<ul style="list-style-type: none"> ◆ Contract services have no guarantee of exclusivity or protection from competition by operators of commercial services and would have to be surrendered if a parallel commercial service was offered. ◆ Availability of authority funding is not guaranteed from year to year. This may lead to early termination of some contracts by the authority because of funding constraints. 	

22 Munich suburbs (D): Tendering of route contracts

Competitive tendering for gross-cost bus (route) contracts in eight suburban districts in the greater Munich metropolitan area. Contract period: 6 to 7 years. Services are planned by the authority within an integrated passenger transport system.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Public metropolitan and suburban commuter railway system, Underground, bus and tram fall under the responsibility of the city of Munich, suburban districts and MVV. Responsibility for regional railways (including light-rail into suburban districts) fall under the responsibility of Bayerische Eisenbahngesellschaft mbH (BEG) ◆ The Münchner Verkehrs- und Tarifverbund (MVV) was founded as an association of public transport operators, owned by the national railway operator Deutsche Bahn and the city of Munich. In 1996 the MVV changed to become an agency performing a supplementary function as a public transport authority for the region, now carrying out PTA duties a.o. for the suburban districts in the greater metropolitan area of Munich. The suburban districts became shareholders too. The MVV is now planning the public transport services and carrying out negotiations with the operators. Negotiations and tendering for subsidies paid, are planned and initiated by MVV. 	<p>Size of the urban area concerned:</p> <ul style="list-style-type: none"> ◆ Munich metropolitan area (total area): 5 470 km²; 2.57 million inhabitants ◆ Munich's suburb districts (suburban part of the metropolitan area, excluding city area): 1.2 million inhabitants; ◆ Munich city area (excluding suburb districts): 310 square kilometres; Inhabitants of the city of Munich: 1.3 million <p>Transport figures:</p> <ul style="list-style-type: none"> ◆ Suburban districts: Mainly regional routes and feeder traffic for light rail; area served by (currently) 55 bus operators; 459 regional buses are producing 23.9 million vehicle kilometres. Mainly small and medium sized operators. Small market shares are held by Deutsche Bahn AG and Veolia.
General description of the contract type	<ul style="list-style-type: none"> ◆ Gross cost contract with strong regulation in suburban transport (only bus services, mainly regional routes and feeder traffic for light rail) ◆ Contract period: Usually six to seven years. 	
Awarding procedure	<p>The suburban districts try to realise competition in their area with a sense of proportion. The aim is to secure chances for small and medium sized bus operators. Therefore tendering is used only when prior negotiations with the existing operators on those routes have delivered insufficient results. Newly established routes and routes already tendered will be tendered at any time. Tendering is used by fulfilling the regular awarding principles (VOL/A under German legislation), with an EU-wide call for tenders.</p>	<p>Award procedure used</p> <ul style="list-style-type: none"> ◆ With the new awarding policy, applied since 1999, the market access has changed. Prior to the awarding policy's change agreements for subsidies between operator and public transport authority were prolonged automatically. Now the prolonging of the gross costs contracts must, at least, be negotiated. ◆ Tendering is used only when prior negotiations with the existing operators on those routes have delivered insufficient results. New established routes are always tendered. ◆ Operators have to hand in a detailed calculation as part of their offer.
Regime for Public Service Obligations	<ul style="list-style-type: none"> ◆ The suburban districts established several quality criteria in their local transport plans, basis for the decision by the authority whether to grant an authorisation to operate non commercial routes. ◆ The authority/MVV plans and defines timetables, routes, minimum quality criteria (e.g. new busses for every route to be tendered). These parameters are part of the public service contract between PTA and operator. 	
Policy goals and contractual	<ul style="list-style-type: none"> ◆ The public transport goals are: increase 	Further policy goals:

	Main description	Remarks and variations
goals (strategic level)	<p>passenger figures by influencing mode choice.</p> <ul style="list-style-type: none"> ◆ Increase quality offered, preserve the market share of small and medium sized companies, reduce pollution (air and noise), increase efficiency within the system as a whole (reduce costs per vehicle kilometre), preserve the social position of the employees. 	<ul style="list-style-type: none"> ◆ The suburban districts try to realise competition in their area with a sense of proportion. ◆ The aim is to secure chances for small and medium sized bus operators. <p>Further contractual Goals:</p> <ul style="list-style-type: none"> ◆ The PTAs try to maintain the quality standards. ◆ Standardisation of contracts: The contracts negotiated are almost similar to the contracts tendered.
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ The suburban districts established several quality criteria (“Daseinsvorsorge”) in their local transport plans. ◆ The authority/MVV plans and defines timetables, fares (due to gross cost contract), routes, minimum quality criteria (e.g. new busses for every route to be tendered). ◆ The operator has no freedom to change services during the contracting period. Due to gross cost contract no freedom to amend fares either. 	
Service production (operational level)	<p>Operational decisions are to be based on the given design of routes and timetables and are the (autonomous) responsibility of the operator (to the full extent, including vehicle schedule, a duty roster). The operator has just to fulfil minimum quality criteria, e.g. for vehicles used: new vehicles for regular services, reduced quality criteria for supporting vehicles used in the peak period.</p>	
Regime for changes in production quantities or contract amendments during the contract period	<ul style="list-style-type: none"> ◆ PTA may ask for an amendment of the respective volume, based on a detailed calculation handed in at the beginning of the contractual period by the operator. In case of change of service design by PTA, the PTA bears cost risk based on detailed cost plan of the operator, handed in within the awarding procedure. 	<ul style="list-style-type: none"> ◆ The PTA may amend the service design regarding routes and timetables if needed, based on a detailed calculation to be added to the offers handed in by bidders. ◆ No threshold or maximum volume for amendment. Possibility to deliver further public transport services (increase of service by the PTA) is one of the rating criteria within the tendering proceeding (5 %).
Ownership	<ul style="list-style-type: none"> ◆ Ownership of depot: operator ◆ Ownership of bus stops: bus-pole: Ownership and maintenance: operator, Design according to PTA-conditions. Bus shelter: Respective municipality ◆ Ownership of vehicles: Operator 	<p>Bus stop pole: transfer regulation to new operator in case of change of operator at the end of contract period.</p>
Status of the personnel	<ul style="list-style-type: none"> ◆ No regulations regarding compulsory take-over are included: it is up to the freedom of the operator which personal to take. ◆ This is because if and when German procurement law is applicable, demands that have no direct link to the individual contract can not be made unless federal or state-law allows for it. As far as the take-over of personal as a purely social issue is concerned, no such federal or state-law exists that would allow or make it compulsory to have a contractual provision requiring the take over of personnel. 	<p>Workers rights included in the contractual relationship:</p> <ul style="list-style-type: none"> ◆ Detailed description of quality standards for personnel (e.g. reliability, good knowledge of the German language,...) and trainings necessary ◆ Minimum social standards, such as declaring of acceptance of usual wage rate and recreation times by operators
Cost	<ul style="list-style-type: none"> ◆ Under these gross cost contracts, the production costs per vehicle-km are paid by the respective PTAs, e.g. suburban districts (or municipalities) ◆ Operator bears the cost risk of production based on timetable offered by operator. ◆ Changes of operating costs up to a threshold of 2 % per year are part of the operator’s risk, plus penalties. ◆ Penalties are to be “paid” according to a 	<ul style="list-style-type: none"> ◆ Operators have to hand in a detailed calculation as part of their offer within the tendering proceeding. ◆ Costs of planning agency (the “Verbund” MVV) and costs of sales have to be paid by operators proportionally.

Main description	Remarks and variations
	<p>detailed list with penalties in € per failure, without a maximum sum. Catalogue with penalties for breach of minimum quality standards (e.g. punctuality: penalty of 25,- € per delay exceeding three minutes)</p> <ul style="list-style-type: none"> ◆ Cost risk of increasing external input factors (personal costs and energy), where influence by operator is weak, is borne by the PTA via indexation (based on official indexes for personnel costs within public transport and energy prices for producing companies).
Revenue	The operator does not bear the revenue risk.
Contract price and level of risk	<p>Contract prices are not available.</p> <div style="display: flex; align-items: center; justify-content: center;"> <div style="width: 40%;"> <p>Cost risk of increasing external input factors (personal costs and energy): is borne by the PTA via indexation, changes of operating costs up to a threshold of 2 % per year are part of the operator's risk</p> <p>No limitations within obligations to pay penalties for bad quality for operators, but low real risk expected. Therefore (real) Penalty risk expected to be around 5 % of total costs. In case of exceeding 10 % of total costs ability to terminate contract for PTA.</p> </div> <div style="width: 15%; text-align: center;">  </div> <div style="width: 40%; margin-left: 20px;"> <p>TOTAL: No detailed figures available</p> <div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p> Variable (risk carried by operator) Fixed (risk carried by authority) </p> <p>Year: 2007 Note: data has been simplified.</p> </div> </div> </div>
Monitoring provision	<p>The MVV may</p> <ul style="list-style-type: none"> ◆ observe quality of services delivered by own personnel (of the MVV) ◆ carry out customer surveys ◆ Analyse production reports ◆ Analyse customer complaints
External factors	<ul style="list-style-type: none"> ◆ The operator receives the (production) exclusivity for the routes tendered, including the right to be paid by the authority according to the results of the awarding procedure.

23 Oviedo (E): Tendered network contract

Concession contract for the management of urban public transport in Oviedo (2004-2029). Gross cost contract with incentives awarded under competitive tendering.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: Municipality of Oviedo ◆ Operator: TUA, Transportes Unidos das Asturias, SA, private company that won the tender for the transport operation ◆ Initiative: authority initiated regime. 	
General description of the contract type	<ul style="list-style-type: none"> ◆ Concession contract based on gross cost with incentives valid for a period of 25 years. ◆ Unitary prices established at 28.72 €/hour and 0.94 €/km (annually correct for inflation) 	
Awarding procedure	Competitive tendering. In conformity with the regulations established in the public administration contract law (according to EU directives 92/50 and 97/52).	Selection criteria based on: <ul style="list-style-type: none"> ◆ Master plan proposals (critical analysis of current situation, integration with land use, area coverage, reliability of cost estimations) - 70 points ◆ Proposals for service organisation and company organisation - 30 points ◆ Technical proposal for the initial network - 30 points ◆ Methodologies for contract monitoring (integrated quality management, customer care, evaluation of service offered) - 70 points ◆ Service improvement proposals (accessibility, operation) - 80 points ◆ Economic offer - 100 points for the most economic offer
Regime for Public Service Obligations	The administration should provide public service in a regular and continuous manner in order to satisfy the individual needs of the users, providing it either directly or via another body or enterprise.	<ul style="list-style-type: none"> ◆ In general the Spanish Constitution does not recognise a general right to transport, but instead the 'right to displacement or right to freedom of circulation' acts as an individual right to move freely from one place to another (article 19). ◆ This constitutional right is assumed as an objective reason for allowing regional, urban and suburban passengers' transport to remain subject to public service obligations.
Policy goals and contractual goals (strategic level)	No reference found, however considering the incentives for patronage, it can be considered that overall goal is to increase the demand for transport services	
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ Fares are established prior to the contracting/tendering process (integrated system by the transport consortium of Asturias) ◆ Routes are defined in the tender, but operator can propose alternatives which can include: number of vehicles and km; number and location of bus stops; timetables and frequencies; routes (length, initial and end points). Such modifications have in any case to be in accordance with the transport master plan 	
Service production (operational level)	Operational decisions belong to operator	
Regime for changes in production quantities or contract amendments during the contract period	Every 5 years operator (or authority) could propose modifications to the network subject to economic studies to evaluate such changes.	

	Main description	Remarks and variations
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: road infrastructure is owned by the municipality ◆ Vehicles: Owned by the operator ◆ Other installations: Owned by the operator 	<ul style="list-style-type: none"> ◆ In the tender for the concession, the operator is asked to acquire assets and specific equipment (e.g. ticketing, etc.), which are amortised and financed according to a pre defined model ◆ During the contract period, the operator is engaged to renew the fleet in order to comply with the following maximum thresholds: 8 years (maximum vehicle age) and 5 years (average fleet). Period for the amortisation of material is fixed in 7 years. Once vehicles reach a maximum age of 8 years, they should be sold (such amount is deducted in the subsidies paid) ◆ At the end of the concession, the assets are acquired by the new concessionaire by their net balance sheet value (residual value). ◆ Bus stops are financed with publicity contracts. They are owned by the operator which has the obligation to take them over by the end of the contract
Status of the personnel	Compulsory take-over of personnel	Tender details the list of personnel to whom the same rights from previous concession are applied (professional category, functions, labour rights and duties).
Cost components	<ul style="list-style-type: none"> ◆ Operational costs: operator carries the risk on operational costs (personnel, maintenance) ◆ Investments: Operator is responsible for investments in vehicles and other operational assets. Municipality is responsible for the investment in road infrastructure 	
Revenue components	Passenger revenues: Operator produces, sell and control the tickets revenues.	Proxies: <ul style="list-style-type: none"> ◆ Incentives for patronage varying from 20% to 40% of the average tariff multiplied by the additional number of passengers ◆ Incentive for publicity revenues (25% of the amount collected in publicity) ◆ Incentive for the management and sold assets (10% over the residual value of sold assets) ◆ Incentives (+ 0.2% of operational costs) / penalties (-0.1% of operational costs) for service quality taking as criteria the Quality index and the customer satisfaction index
Deficit	In case of deficit municipality proceeds with a compensation correspondent to the difference between the operational costs (unitary prices) and revenues collected	The commitment regarding operational costs established in the bid (€/km). The real increase of such a cost entails a loss for the operator, while its decrease means profit.
Contract price and level of risk	<p style="text-align: center;">Level of risk – TUA (Oviedo, Spain)</p> <p style="text-align: center;"> General allocation 28.72 €/hour and 0.94 €/km </p> <p style="text-align: center;"> Patronage Quality </p> <p style="text-align: center;"> 25% of the amount collected in publicity 10% over the residual value of sold assets 20% to 40% of the average tariff multiplied by the additional number of passengers Incentives (+ 0.2% of operational costs) Penalties (-0.1% of operational costs) </p> <p style="text-align: center;"> Variable (risk carried by operator) Fixed (risk carried by authority) </p> <p style="text-align: center;"> Year: 2005 Note: data has been simplified. </p>	
Monitoring provision	On a monthly basis the operator has to provide municipality with the information on: nr. of services executed, km effectively done per	

	Main description	Remarks and variations
	<p>line, hours spend per line, passengers transported (total and per line) and respective revenues, ticket sales per title, maintenance actions, claims.</p> <p>Annually, the operator has to provide the provisional exploitation accounts for the next year</p>	
External factors	Operator has the exclusivity for urban transport in the municipality	

24 Parla/Madrid (E): Tramway concession (including building)

40 year concession (BOT Contract) for the construction and operation of a new tramway line (2005-2045) in a suburban municipality of Madrid.

Main description	Remarks and variations
<p>General description of the contracting parties</p>	<ul style="list-style-type: none"> ◆ Authority: Municipality of Parla and Madrid Transport Consortium (CRTM) ◆ Operator: Via Parla - Stock corporation (Sociedad Anónima) composed by Acciona, S. A.; FCC Construcción, S. A.; Detren, Compañía General de Servicios Ferroviarios, S. L., y Caja Castilla-La Mancha Corporación ◆ Initiative: authority initiated regime <p>◆ Parla is a municipality located about 20 km from Madrid in the area known as South Metropolitan Crown. The Municipality covers an area of 24,5 square km. Parla is a small municipality with 93 000 inhabitants (2006). With the urban developments in course it is expected that population will grow up to 150000 in 2008.</p> <p>◆ The Municipality is the authority with responsibility on infrastructure, works and other installations, rolling stock and all aspects necessary to implement the transport system.</p> <p>◆ CRTM is the competent authority in all aspects related with the contracting, regulation, planning and operation of transport system</p>
<p>General description of the contract type</p>	<p>40 years concession for the construction and operation of the line 1 of Parla Tramway. The objectives of the contract are:</p> <ul style="list-style-type: none"> ◆ infrastructure construction ◆ acquisition of rolling stock and other assets for the system operation ◆ operation of tramway ◆ infrastructure and rolling stock maintenance <p>The contract can be described as a net cost one, where all risks are assumed by the operator, including those related with the construction and financing of infrastructures, management of the service and maintenance of the tramway line. Also the risks related with the availability, reliability and service demand are taken by the operator. At the end of the concession period the infrastructure and rolling stock are transferred to the authority.</p> <p>Incentives and penalties related with the quality of service are applied (see proxies)</p> <p>Annual financial allocations distinguish two periods:</p> <ul style="list-style-type: none"> ◆ Until year 5 the annual allocation to operator do not enter into account with ticket revenues, being the payment calculated in function of the train-km produced ◆ After year 6, revenues collected directly by the operator will be a component of its annual allocation <p>For the first 5 years operation, annual allocations are calculated in function of the train-km produced as $AI+AE +0,25*IC$ where:</p> <ul style="list-style-type: none"> ◆ AI is the contribution for investment (fixed for the whole concession, considering the payment for investment and financing costs) ◆ AE is the operation allocation that results from unitary tariff expressed as €/train-km by the traffic effectively run (train-km) annually corrected by the purchasing power ◆ IC is the complementary revenues (such as publicity) <p>From year 6, revenues collected directly by the operator will be a component of its annual allocation. Annual allocation will be calculated as $AI+AE + 0,25IC$ where:</p> <ul style="list-style-type: none"> ◆ AI (same as above) ◆ AE is the allocation to cover only the operation costs, in function of the passengers and tariff per passenger (Tei, expressed in €/pax) indexed to year 5 and annually corrected by the purchasing power ($AE= Tei * Demand-0,75*IC$) ◆ IC is the complementary revenues (such as publicity) <p>The tariff per passenger can not exceed 1€. The difference between such tariff and passenger revenues will be paid in equal parts by the authority and the CRTM (service programming approved by CRTM)</p>
<p>Awarding procedure</p>	<p>Open competitive tender published in JOS (2005/S 42-040332). In conformity with the regulations established in the public administration</p> <ul style="list-style-type: none"> ◆ Price and financial plan comprises the least value for authority contributions, financial plan and support of financial entities

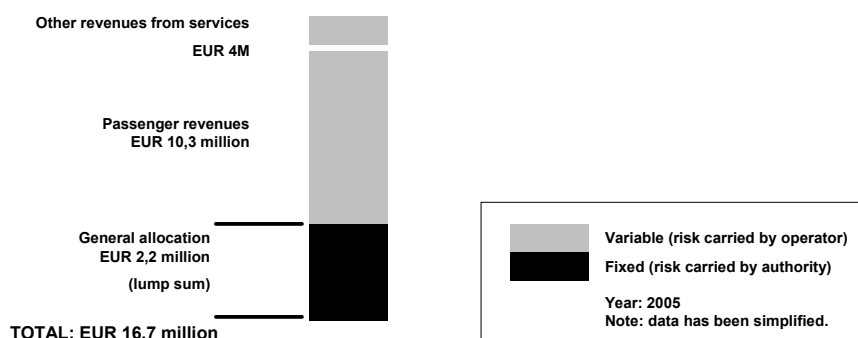
	Main description	Remarks and variations
	<p>station contract law (according to EU directives 92/50 and 97/52)</p> <p>Reference price was €125m (VAT included)</p> <p>Selection criteria based on 5 criteria as follows:</p> <ul style="list-style-type: none"> ◆ Price and financial plan (25 points) ◆ Technical offer for project and works (25 points) ◆ Technical offer for service operation (20 points) ◆ Technical offer in security protocols (10 points) ◆ Employment stability and quality (20 points) 	<ul style="list-style-type: none"> ◆ Technical offer (works) includes the quality of technical solutions and construction procedures, planning and delivery for projects and works, quality of materials and control, passengers safety in stations, amount allocated to communication during construction and operation, safety plan, use of renewable energies in the project ◆ Technical offer (operation) includes the experience in rail operation, service quality (control and measurement), customer care, safety and security in stations and vehicles, maintenance plans for infrastructure and rolling stock.
Regime for Public Service Obligations	<p>Compensation for fares (subsidisation)</p> <p>Authority will compensate the operator for the direct costs incurred by modifications to the operation plan decided by the authority. Such costs are paid in function of the vehicle-km effectively done</p>	<p>Authority could intervene financially whenever:</p> <ul style="list-style-type: none"> ◆ By reasons of public service, promote changes in the conditions established in the tender (either construction or operation); ◆ The Authority introduces operation variants that lead to traffic volume changes ◆ Competition levels with other PT services changes the financial equilibrium of the concession ◆ Authority require additional rolling stock for public service operation <p>In such cases, authority could adopt one of the following measures: a) changes in tariff system, b) enlargement of concession period, c) enabling other commercial benefits besides those already planned, d) combination of measures</p>
Policy goals and contractual goals (strategic level)	<p>Answer to the strong population growth through the design of a transport alternative that answers to a set of requirements in terms of environment, safety, accessibility, urban integration, so that could be an alternative to private car, promoting a modal share in favour of public transport. Emphasis on internal connection (to residential areas) and intermodal connection (with railway stations - RENFE Cercanias)</p>	
Service definition (tactical level)	<p>Line design and fares levels were previously defined by the Municipality and CTRM.</p>	<p>Circle line with 8km extension with stops every 500 meters connecting the main residential areas (and expansion areas) with the main railway stations. System will enter into operation by the end of January 2007</p>
Service production (operational level)	<p>Fleet dimensioning is proposed by the operator in the bid, for a minimum commercial speed established in the tender of 19 km/hour</p>	
Regime for changes in production quantities or contract amendments during the contract period	<p>In case of infrastructure extension up to 30% length the operator is obliged to its execution and authority will proceed with the reestablishment of economic and financial equilibrium. For extensions of more than 30% length operator is not obliged and a new tender could be launched</p>	
Ownership	<p>All assets belong to the operator. At the end of the concession they are transferred to the authority</p>	
Status of the personnel	-	
Costs	<ul style="list-style-type: none"> ◆ Operational costs: Production and financial risk are supported by the operator. ◆ Investments: assumed by the operator as established in the contract. 	
Revenues	<ul style="list-style-type: none"> ◆ Passenger revenues: After the sixth year of operation, revenues collected directly by 	<p>Proxies:</p> <ul style="list-style-type: none"> ◆ Penalties are calculated in a monthly and

Main description	Remarks and variations																					
<p>the operator will be a component of its annual financial allocation</p> <p>◆ Other revenues: operator could receive up to 25% of complementary profits (such as the income from publicity in stops, interchanges or rolling stock, parking management, etc.)</p>	<p>group bases per trimester (valid after 6months operation) as follows: $CTP = 0,5 * \max(p1-a, P1-b) + 0,5 * \max(p2-a, p2-b) + 0,2 * p3 + 0,2 * p4 + 0,2 * p5$, being the value calculated as the average of the 3 months with a maximum of 0,15</p> <p>◆ Incentives related with quality of service - in case operator fulfils the quality objectives during consecutive 6 months, authority could increase its contribution in 0.50%. This incentive is paid whenever in the previous 6 months objectives are fulfilled.</p> <p>◆ Parameters for penalties include</p> <table border="1" data-bbox="981 593 1404 925"> <thead> <tr> <th>Parameter</th> <th>Indicator</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Availability</td> <td>Service</td> <td>P1-a</td> </tr> <tr> <td>Rolling stock</td> <td>P1-b</td> </tr> <tr> <td rowspan="2">Reliability</td> <td>Rolling stock</td> <td>P2-a</td> </tr> <tr> <td>Fixed installations</td> <td>P2-b</td> </tr> <tr> <td>Regularity</td> <td>Delays</td> <td>P3</td> </tr> <tr> <td rowspan="2">Image</td> <td>Cleanliness</td> <td>P4</td> </tr> <tr> <td>Ticketing equipment</td> <td>P5</td> </tr> </tbody> </table>	Parameter	Indicator	Penalty	Availability	Service	P1-a	Rolling stock	P1-b	Reliability	Rolling stock	P2-a	Fixed installations	P2-b	Regularity	Delays	P3	Image	Cleanliness	P4	Ticketing equipment	P5
Parameter	Indicator	Penalty																				
Availability	Service	P1-a																				
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	Fixed installations	P2-b																				
Regularity	Delays	P3																				
Image	Cleanliness	P4																				
	Ticketing equipment	P5																				
<p>Contract price and level of risk</p>	<p>Total contract amount €93 545 800</p> <p>No information obtained in terms of operation prices. System will start operating by the end of January 2007</p>																					
<p>Monitoring provision</p>	<p>No reference found, besides the aspects related to quality of service.</p>																					
<p>External factors</p>	<p>The operator is the only entity allowed to operate the line. In case the authority decides on the construction of a new line where the infrastructure needs to be shared, the operator is entitled to receive a compensation for the use of that infrastructure</p>																					

25 Porto (P): Metro concession (DBFO)

Concession contract for the design, building, financing and operations of a new metro line, awarded in competition to an operator (gross cost).

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: National Government as concessioning authority and INTF (national institute for rail transport) as licensing and regulatory authority ◆ Operator: Metro do Porto, publicly-owned company. Concession establishes that (article 3 of the decree) a public tender must be launched by “Metro do Porto” for the design, building, equipment, financing and operation during the initial period (until four years after the completion of the whole system). Such tender was awarded to the NORMETRO consortium, with the operation assured by Transdev, partner in NORMETRO ◆ Initiative: authority initiated regime. 	<p>Constitution of the company “Metro do Porto” dates back to 1992 when, the national council of Ministers approved its constitution. The company, established by January 1993 (Law 71/93) as a State owned stock corporation, has the following shareholders: Porto Metropolitan Area, with 80%, CP, the national rail operator, with 15%, and Metro of Lisbon, with 5%.</p> <p>In 1999 a re-division of the shares in the company Metro do Porto took place, resulting in the following stockholders breakdown:</p> <ul style="list-style-type: none"> ◆ Porto Metropolitan Area, with 59,9993% ◆ STCP, the Porto urban bus operator, with 25% ◆ CP, the national railway operator with 5% ◆ National State, with 10% ◆ Municipalities of Porto Metropolitan area (Porto, Matosinhos, Maia, Vila Nova de Gaia, Vila do Conde, Póvoa de Varzim and Gondomar) with 0,0001% each
General description of the contract type	<ul style="list-style-type: none"> ◆ The 50 year concession contract with Metro do Porto can be described as net cost (though the sharing of risks is not explicitly mentioned). Metro do Porto receives the ticket revenues and is compensated (lump sum) for public service obligations (still only roughly defined). The concession gives the exclusivity of metro operation (in public service regime) to “Metro do Porto”, SA for 50 years, that could be renewed for two successive periods of 10 years. ◆ The contract with NORMETRO for operation is a gross cost one (paid by km). 	<p>The contract is very vague in relation to the rights and obligations of the transport service as well as regarding the compensations for the public service. According to the Base XV of DL n.º 394-A/98 a framework contract, reflecting two components: one for the service and the other for the infrastructure use was supposed to be signed up to one year before the entrance in functioning of the first line, but was not signed yet - MP already sent several proposals to the authority.</p>
Awarding procedure	<ul style="list-style-type: none"> ◆ The concession has been awarded through Decree (direct award). ◆ However, the concession establishes that a competitive public tender must be launched by “Metro do Porto” for the design, building, equipment, financing and operation during the initial period. Process was done in two steps: open competitive tender for prequalification and direct negotiations with the two consortia with higher scores. 	
Regime for Public Service Obligations	<p>Transport law set up that urban and local public transport should be considered public services. Regime for PSO result from specific obligations imposed on the transport service that can be expressed in terms of quality, quantity and/or price.</p>	
Policy goals and contractual goals (strategic level)	<p>Specific investment in new infrastructure, urban renewal: strategically, Metro do Porto (MP) is one of the strong components to assist in the renovation of the urban area, increasing the quality of urban environment, offering a modern, efficient, accessible and secure public transport system competing with private car.</p>	<p>In all MP project implementation as well as operation phases, MP has committed itself to pursue social, environmental and economic goals. A core objective of MP is to provide an answer to the increased need for mobility</p>
Service definition (tactical level)	<p>MP carries responsibility for the tactical level. Timetables are defined by MP, Fares were established by MP (taking as reference</p>	

Main description	Remarks and variations																
	the fares in place for road public transport) and approved by the authority. Annual increase defined by the authority																
Service production (operational level)	MP is fully responsible for the operational level of its service																
Regime for changes in production quantities or contract amendments during the contract period	MP can request changes in the level of services performed. Decision on new lines or extension of existent ones, imply revision of concession basis and contract with the co-contractor (Normetro)																
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Infrastructure is owned by the State ◆ Vehicles: Vehicles are owned by Metro do Porto ◆ Other installations: owned by Metro do Porto. 	The national rail infrastructure, including stations formerly used in the rail service were transferred to the Metro do Porto concession															
Status of the personnel	MP after the end of the initial period will take over the operational personnel (to the new operator)																
Cost components	<ul style="list-style-type: none"> ◆ Operational costs: during this initial period, Normetro bears the risk on operational costs: personnel, energy, maintenance ◆ Investments: MP is responsible for investments in infrastructure and rolling stock. Investment in the road accesses to stations, interchanges and urban renewal falls upon the municipalities of Porto Metropolitan area 	Financing of investment is in accordance with the concession contract (Base XIII of Decreto-Lei n.º 394-A/98) assured by the State through the national budget transfers, community funds and guarantees for bank loans made by MP															
Revenue components	<ul style="list-style-type: none"> ◆ Passenger revenues: MP receives ticket revenues and is entitled to compensation for public service. Currently this compensation is calculated as a lump sum. ◆ Other revenues: Metro do Porto is entitled to undertake commercial activities, which revenues are used for the commercial equilibrium of the concession. 	Collection and distribution of fare revenues is assured by TIP (Intermodal transports of Porto) an association of operators that was created for the implementation of the integrated tariff system - Andante															
Contract price and level of risk	<p style="text-align: center;">Level of risk – M Porto (Porto, Portugal)</p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>Revenue Components</caption> <thead> <tr> <th>Component</th> <th>Value (EUR)</th> <th>Risk Type</th> </tr> </thead> <tbody> <tr> <td>General allocation (lump sum)</td> <td>2,2 million</td> <td>Fixed (risk carried by authority)</td> </tr> <tr> <td>Passenger revenues</td> <td>10,3 million</td> <td>Variable (risk carried by operator)</td> </tr> <tr> <td>Other revenues from services</td> <td>4M</td> <td>Variable (risk carried by operator)</td> </tr> <tr> <td>TOTAL</td> <td>16,7 million</td> <td></td> </tr> </tbody> </table> <p style="text-align: right; font-size: small;">Year: 2005 Note: data has been simplified.</p>		Component	Value (EUR)	Risk Type	General allocation (lump sum)	2,2 million	Fixed (risk carried by authority)	Passenger revenues	10,3 million	Variable (risk carried by operator)	Other revenues from services	4M	Variable (risk carried by operator)	TOTAL	16,7 million	
Component	Value (EUR)	Risk Type															
General allocation (lump sum)	2,2 million	Fixed (risk carried by authority)															
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Other revenues from services	4M	Variable (risk carried by operator)															
TOTAL	16,7 million																
Monitoring provision	<p>MP proposed several times the basis for a framework contract with the State, including the monitoring system. Currently there is no monitoring.</p> <p>Contract with Normetro establishes the provision of monthly information, according to the formats and methodologies defined by MP, concerning: number of passengers, passengers.km, vehicle.km, carriage.km, empty km, transport titles validated, incidents and break downs, effectives, fleet</p>																
External factors	-																

26 Prague (CZ): Direct award to public operator

Contract with a public operator for the urban public transport network of the Prague agglomeration (1.2 million inhabitants): The contract (about €274 million/year) was directly awarded for the period 2004-2007. The public operator is submitted to both cost and operational risk, however, the contractual amounts are renegotiated every year limiting the risk to the operator.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: ROPID: Regional Organiser of Prague Integrated Transport (PIT) is responsible towards the municipality and state authorities. Its task is to organise and control public transport. ROPID is authorized by the Municipality to represent the Municipality in all matters related to public transport contracting, in particular in relation to the operator. ◆ Operator: DPP - Dopravní podnik hl. m. Prahy, akciová společnost (Prague Public Transit Co. Inc.), owned (100%) by the Prague Municipality. 	<ul style="list-style-type: none"> ◆ ROPID must, when requested by the Municipality, submit a report within a reasonable time period and/or regularly submit a report on its activities or the operator's activities. ◆ ROPID was established in 1993 and its staffing actually emanates the public operator.
General description of the contract type	Contract for the operation of the bus, tram and metro network in the Capital City of Prague (limited risk for the operator). The contract has been established for 4 years, but the transport supply and the price agreements are renegotiated every year.	Preliminary professional estimate of demonstrable loss for the period of 2004-2007 shall be paid by the Transport Authority from state funds through the budget of the Capital City of Prague.
Awarding procedure	Direct award.	The contract is based on the European service quality standard in public transport EN 13816:2002.
Regime for Public Service Obligations	Contract.	
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ A policy "project" lays down the scope of provision of basic and other transport services within the area of the Capital City of Prague. ◆ The contract is concluded for the purpose of providing basic and other transport services within the area of the capital city of Prague by urban public buses and rail. 	
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ ROPID develops a network of services ("public passenger transport organization project") giving a list of lines and frequencies to be provided) on the basis of the approved annual plan (which includes the defined public service obligations). The knowledge of the operator (DPP) is used in this process. The operator develops the exact timetable on the basis of this. ◆ The "PIT" fares are determined by ROPID. 	The operator is expected to initiate changes to the services where needed, but such changes and amendments to the services at the initiative of the operator must be submitted to approval by the authority.
Service production (operational level)	The operator is responsible for all operational matters relating to service production.	
Regime for changes in production quantities or contract amendments during the contract period	<ul style="list-style-type: none"> ◆ ROPID may request changes in timetable, reroutings and changes of stops. In this case, the operator accepts a modified public service obligation in compliance with the Act and a professional estimate of expected costs and revenues is established, provided that the Municipality and the Transport Authority undertake to pay them. ◆ The professional estimate takes into account the applicable tariff, and the changes agreed. 	Substantial changes of transport parameters within the entire network of the Operator may not be applied more than three times in a calendar year.
Ownership	All vehicles and infrastructures are owned by	Investment is carried out in a separate

Main description		Remarks and variations
	the operator (itself owned by the municipality).	budget.
Status of the personnel		(Issue not present)
Expected deficit	Based on the preliminary professional estimate, the Municipality shall pay to the operator for its demonstrable losses (deficit). This amount (and also service supply) are renegotiated every year.	The yearly renegotiation on this amount starts by presenting a provisional financial plan for next year in July. This is progressively refined during the period September - December.
Contract price and level of risk	<ul style="list-style-type: none"> ◆ The expected deficit for 2004 was contractually set at about €274 million/year. ◆ The operator is submitted to a detailed schedule of penalties related to several operational non-compliance items. This penalty amount is however very limited. 	<ul style="list-style-type: none"> ◆ Financial risks are primarily at the side of the authority, unless ROPID indicates that the operator has not met the agreements (vehicles-km) in the contract. In that case, the municipality is not obliged to financially compensate the full amount of losses.
Monitoring provision	<ul style="list-style-type: none"> ◆ ROPID regularly checks the operator's performance (monthly) and is entitled to apply sanctions to the operator for violation of obligations. ◆ ROPID checks whether the realised services corresponds to at least 99,5% of the total negotiated volume of services. 	<ul style="list-style-type: none"> ◆ Assessment of contract performance shall be based on transport performance actually supplied in place-km or recalculated to vehicle-km for each transport mode. ◆ The municipality is entitled to terminate the contract if the operator repeatedly violates its provisions in spite of a written notice.
External factors		

27 Rome (I): Direct award and partial tendering

Reorganisation of former public operator into a planning agency and operational companies in the Rome urban area. Various contracts for the period 2005-2011, including some competitive tendering.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: Municipality of Rome ◆ Operator: ATAC as planning agency, TRAMBUS as bus operator and Met.Ro as metro and urban light-rail operator. All are share-holding companies, 100% municipal ◆ Initiative: authority initiated regime. 	<p>The structure and roles of each actor was established in 2004:</p> <ul style="list-style-type: none"> ◆ Rome municipality: programming, regulation and controlling municipal transport. The municipality grants the service directly to the two municipal operators and by tender to third parties. ◆ ATAC: control and monitor urban public transport, management of assets and revenues. ◆ TRAMBUS and Met.Ro: operation of surface and metro services. TRAMBUS is also responsible for infrastructure maintenance.
General description of the contract type	<p>Two different contract types:</p> <ul style="list-style-type: none"> ◆ with ATAC: can be classified as a net cost contract where the municipality sets the goals to be achieved by ATAC as well as the amount of subsidies to be granted (including the share of funds from the region to finance minimal service standards). ATAC covers its costs with the subsidies and fare revenues. ATAC gets all revenues and pays operators according to standard costs as defined in the contract ◆ with ATAC-TRAMBUS-Met.RO: gross cost contract with incentives. TRAMBUS and Met.Ro receive an annual basic financial allocation, for a contractual amount of vehicle-km from the municipality and another allocation from ATAC for the seat-km produced . ◆ For 2005, the allocation from the municipality amounted to 200.000 m€ (112.5 for million vehicle-km for TRAMBUS and 50 M€ (5.45 million train-km for Met.RO). The allocation from ATAC (seat.km) is 173m€ for TRAMBUS and 50 m€ for Met.Ro 	<p>Service contracts between the Rome municipality and the three entities for the period 2005-2001 have been signed in September 2005. Structure of service contract based on three contracts:</p> <ul style="list-style-type: none"> ◆ Municipality of Rome - ATAC ◆ Municipality of Rome - ATAC - TRAMBUS ◆ Municipality of Rome - ATAC - Met.Ro <p>ATAC has exclusive rights over the planning, control and regulation of LPT, including the monitoring of TRAMBUS and Met.Ro operations and lines awarded through competitive tendering. TRAMBUS has exclusivity on bus mode within the municipality of Rome, with the exception of the peripheral additional lines. Met.Ro has the exclusivity on light rail and metro modes</p>
Awarding procedure	Direct award to the in house operators.	After the first steps towards a market opening made in 2000, the municipality decide to return to internal production option via the two municipal agencies - TRAMBUS and Met.Ro for the next seven years (2005-2011). The peripheral bus lines opened to competition in an earlier stage will remain as such.
Regime for Public Service Obligations	Operator fulfils transport service in accordance to the program and conditions set in the contract which refer to: lines (length, routes), type of vehicles, number of vehicles in peak times, service periods (week, weekend, night), vehicle-km offered, commercial speed during peak and off peak times, fare system.	
Policy goals and contractual goals (strategic level)	<p>LPT as instrument for the economic growth and quality of life in terms of:</p> <ul style="list-style-type: none"> ◆ Reduction of Environmental impacts in urban mobility ◆ Reduction of Traffic congestion ◆ Promotion of Social inclusion ◆ Accessibility improvement ◆ PT market share 	Growth in demand for public transport is a key concern to the Municipality. This concern is reflected in the service contracts which include incentives for the increase in the number of passengers transported.

	Main description	Remarks and variations
Service definition (tactical level)	Authority defines the quantitative and qualitative levels of service, proposes the tariff plans to the region, defines the evolution of tariffs, controls the accomplishment of service contracts and proceeds with the contracted payments.	Timetable and network adjustments are initiated by operator and approved by ATAC, that is responsible for system planning. These adjustments have to fulfil the minimum requirements as specified in the contract. ATAC is also responsible for the PT branding and marketing
Service production (operational level)	TRAMBUS and Met.Ro are responsible for the operational level of its services. ATAC assures the information and communication with the public	
Regime for changes in production quantities or contract amendments during the contract period	Changes in service (new lines, suppression, definitive modifications) are a competence of the authority with support provided by ATAC. Operators are obliged to put those changes in place within one month	
Ownership	<ul style="list-style-type: none"> ◆ Road infrastructure owned by the region, province and municipality. ◆ Public transport infrastructures (metro, sub-urban rails, tram tracks, logistic equipment) and vehicles (metro, rail, tram and bus rolling stock) owned by ATAC and made available to the operators 	
Status of the personnel	No references found	
Cost components	<ul style="list-style-type: none"> ◆ Risks on operational costs (personnel, energy, maintenance) are carried by the two operators ◆ ATAC is responsible for investments in rolling stock and other assets in LPT, which are based on a triennial investment program approved by the municipality 	
Revenue components	<ul style="list-style-type: none"> ◆ ATAC is responsible for passenger revenues and for proceed with the payment of seat-km to operators ◆ For ATAC a maximum of 2 m€ for penalties regarding the non accomplishment of quality standards ◆ For TRAMBUS a maximum bonus of 10m€ for the realisation of quality standards and 2m€ as additional payment for growing revenues above the threshold ◆ For Met.Ro a maximum bonus of 3m€ for the realisation of quality standards and 2m€ as additional payment for growing revenues above the threshold 	
Contract price and level of risk	<p>The chart illustrates the following components from bottom to top:</p> <ul style="list-style-type: none"> General allocation EUR 353 m€ (Fixed, risk carried by authority) Passenger revenues EUR 233 m€ (Fixed, risk carried by authority) Bonus / malus (Variable, risk carried by operator) Other allocations (EUR 19.725 m€) (Fixed, risk carried by authority) Other allocations (4m€) (Fixed, risk carried by authority) <p>Additional information from the chart:</p> <ul style="list-style-type: none"> Additional services (i.e. Security, control of user access to the metro system) are included in the contract. Range: up to a maximum of 2m€ for ATAC (penalties) up to 10m€ TRAMBUS and 3 m€ Met.Ro (bonus) is associated with the Bonus / malus component. ATAC carries responsibility for passenger revenues, from which it pays seat.km to operators (173m€ for TRAMBUS and 50 m€ for Met.Ro). 200 m€ TRAMBUS and 50 m€ Met.Ro are part of the General allocation. 40 m€ ATAC (institutional activities) and 63m€ (in 2005) for the management of the contractual procedures related with the opened lines are also part of the General allocation. 	

Main description		Remarks and variations	
Allocations per entity	Resources (m€ without VAT)		Obligations
	from Municipality	from ATAC	
TRAMBUS	200		Supply of 112,5 million of vehicle.km per year (adjusted for inflation)
			173 Supply of seat.km
	Max 10		Quality standards
	15		Supply of additional services
	2		Additional payment for growth above the threshold
Met.Ro	50		Supply of 5,45 million of train.km per year (adjusted for inflation)
			49 Supply of seat.km
	Max 3		Quality standards
	2		Efficiency and effectiveness of the control access system
			1 To perform the ticket surveillance on behalf of ATAC
	2,725		Extra costs related with the access to quays (security)
	2		Additional payment for growth above the threshold
ATAC	40		Institutional activities
	Owner of tariff revenues to define		Acquisition of seat.km to operators for an amount established in the offer (223 million euro)
	Max (-2)		Fare system
	63 (for 2005, to revise)		Penalties (quality standards)
			management of contractual procedures and service contract
Monitoring provision	Control and monitoring role of ATAC includes regularity, expected and perceived quality, realised quality, status of conservation and maintenance of means put available to operators. Monitoring is done per reference to CEN standard EN 13816/2002.		
External factors	-		

28 Santiago de Compostella (E): Tendered network contract

Contract for the management of urban public transport in interested management regime (delegated management) (2006-2015) in the City of Santiago de Compostella awarded in competitive tendering.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: Municipality of Santiago de Compostela, that is competent for the area of urban transportation services within the municipality. Management undertaken by the municipal company TUSSA ◆ Operator: Temporary group of companies formed for the purpose of this contract (UTE Trapsa-Aulusa). Each operator has 50% of share ◆ Initiative: authority initiated regime 	
General description of the contract type	<p>Interested management contract (net cost contract) for a period of 10 years, with the possibility of renewal for another 5 years in function of the following criteria:</p> <ul style="list-style-type: none"> ◆ Evolution in the demand (commitment in terms of passenger-km) ◆ Evolution of the quality index (perceived and realised quality) ◆ Audits to the accounts ◆ Awareness campaigns 	
Awarding procedure	<p>Open competitive tendering in accordance to the Royal Decrees 2/2000 and 1098/2001 (law on public administration contracts). In conformity with the regulations established in the public administration contract law (according to EU directives 92/50 and 97/52)</p>	<p>Adjudication criteria based on</p> <ul style="list-style-type: none"> ◆ Economic proposal by reference to annual cost and price per km (up to 60 points) and price per complementary km (up to 5 points) ◆ Proposals for the coordination with inter-urban transport (number of passengers) - up to 50 points ◆ Proposals for network optimisation (up to 25 points) ◆ Commitment in terms of passengers (up to 20 points) ◆ Service organisation - ticketing, operational management systems (up to 20 points) ◆ Other improvements (up to 20 points)
Regime for Public Service Obligations	<p>Obligations in terms of:</p> <ul style="list-style-type: none"> ◆ Production ◆ Fares and ticketing ◆ Objectives of demand increase ◆ Separate accounts for public service 	
Policy goals and contractual goals (strategic level)	<p>Contract is based on the commitment towards an increase in the demand for transport services</p>	
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ Detailed route's information is provided in the tender. During the tendering process operator propose the optimisation of the network as well as a proposal for an coordinated network (with interurban transport) over the contract ◆ Fares are defined prior to the tendering process ◆ During the contracting period the operator can propose modifications to service which are subject to authority approval 	<p>The proposal for network optimisation can include variations up to 20% of km presented in the tender document. Tactical decisions are assumed by TUSSA. Operator can propose changes in services subject to prior approval from TUSSA</p>
Service production (operational level)	<p>Operational decisions decided by the operator.</p>	

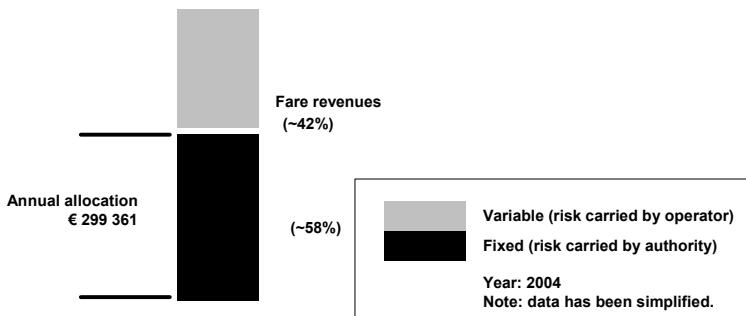
	Main description	Remarks and variations
Regime for changes in production quantities or contract amendments during the contract period	During the contract period, authority could impose with 48 hours ahead of time to perform additional services. Such services are done in accordance to the price per km complementary proposed by the operator	
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: road infrastructure is owned by the municipality ◆ Vehicles: Owned by the operator ◆ Other installations: Owned by the authority 	Tender provides the information on the amortisation of assets (vehicles, ticketing equipments, exploitation control systems and others) that operator should consider in its offer as well as the information on the plans for vehicle replacement
Status of the personnel	Compulsory take-over of personnel.	Tender details the list of personnel to whom the same rights from previous concession are applied
Cost components	<ul style="list-style-type: none"> ◆ Operational costs: operator carries the risk on operational costs (personnel, maintenance) ◆ Investments: Operator is responsible for investments in vehicles and other operational assets. Municipality is responsible for the investment in road infrastructure 	
Revenue components	<ul style="list-style-type: none"> ◆ Payments are calculated as $AC = E - I \pm M$ where AC = annual costs E = exploitation costs including amortisation and operation (price per Km established against a commitment in terms of the number of passengers transported) I = total income, including ticket revenues, publicity, other (such as special services, material sell out) M = incentives for management (see proxies) ◆ Quality objective (± 2% of fare revenues) 	<p>Proxies:</p> <ul style="list-style-type: none"> ◆ Publicity income (1/3 revert to the operator) ◆ Demand objective: differential between passengers transported (P) and passengers committed (PC) and fare revenues as follows: <ul style="list-style-type: none"> ◆ If $P > PC$ and fare revenues above contracted, 50% to each partner ◆ If $P > PC$ and fare revenues below contracted, operator is compensated with an income correspondent to the number of passengers by the weighted average tariff ◆ If $P < PC$ and fare revenues equal or above contracted, operator pays the tickets not sell (weighted average tariff * (PC-P)) ◆ If $P < PC$ and fare revenues below the contracted, operator reimburses the difference
Contract price and level of risk	<ul style="list-style-type: none"> ◆ Contract amount for the first year of the contract has a maximum of €2 051 000 ◆ Consider two different costs, annually corrected: <ul style="list-style-type: none"> ○ Cost per km = 2.067555 €, ○ Cost per km for complementary services = 1.559022 (this value is calculated without taking into account the fixed costs, which are supposed to be covered by the normal service) 	
	<p style="text-align: center;">Level of risk – UTE Trapsa-Aulusa (Compostela, Spain)</p>	
Monitoring provision	Diary and monthly consolidated, operator has to provide the details on number of km per line with the number of passengers for each type of tariff.	Realised quality measured in terms of: Efficiency: <ul style="list-style-type: none"> ◆ Passengers-year ◆ Passengers/inhabitants

	Main description	Remarks and variations
	Annually measurement of quality index (realised and perceived)	<ul style="list-style-type: none"> ◆ Passenger-km / year ◆ Paying passengers / bus-km Effectiveness <ul style="list-style-type: none"> ◆ Cost coverage (revenues/costs) ◆ Km / driver ◆ Km / vehicle ◆ Personnel costs / km (year) ◆ Operational cost / passenger ◆ Perceived quality through customer surveys focused on: Punctuality, Information, Comfort, Cleanliness, Bus stops, Timetables, Frequency and reliability, Driving style, Safety, Overall service evaluation
External factors	Operator has the exclusivity for urban transport in the municipality	

29 Sondrio/Lombardy (I): Tendering of route bundles

Contract for a 7 year period for the operation of bus route bundles with both cost and revenue risk. Awarded in restricted competitive tendering in the Municipality of Sondrio (period 2005-2011).

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: Municipality of Sondrio ◆ Operator: ASM Sondrio ◆ Initiative: authority initiated regime. 	<p>The contract follows the model of contract in place in the Lombardy region as approved by the Region (Deliberazione Giunta Regionale, 27/12/2001).</p> <p>According to that Lombardy model, the division of responsibilities is allocated as follows:</p> <ul style="list-style-type: none"> ◆ The region has the role of overall coordination of the system; ◆ The provinces and/or municipalities have the role to reorganise the service in their regions and promote the competition, including the design of the triennial service programs (which is included in the tender specifications)
General description of the contract type	The 7 years concession granted to ASM can be described as a net cost contract.	
Awarding procedure	Restricted tender award to the lowest compensation offer.	Tender in accordance with directive 93/38/CEE
Regime for Public Service Obligations	Requirements set in triennial program and tariff	
Policy goals and contractual goals (strategic level)	Main policy goals relate to improvements in the quality of bus vehicles, particularly reduction of average age and environmental impacts as well as improvements concerning accessibility for people with reduced mobility	
Service definition (tactical level)	The triennial programme defines the routes and its basic characteristics. The operator proposes in its bid the services and timetables according to those characteristics. During the contract period, the operator could propose small changes subject to authority acceptance.	
Service production (operational level)	Operator is fully responsible for the operational level of its service, in accordance to the characteristics defined in the triennial program	
Regime for changes in production quantities or contract amendments during the contract period	Contract revision is mandatory for changes implying variations of more than 3% on the annual allocation.	
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Road infrastructure is owned by the Region, Provinces or local municipalities. ◆ Vehicles: Owned by the operator. During the contractual period the operator is obliged to improve the quality of the vehicles (by the end of the contract the average vehicle age should be 7 years) ◆ Other installations: Owned by the operator. 	
Status of the personnel	Compulsory take over of personnel	The contract does not mention any requirement above the legal obligation regarding the take-over of personnel as set by the Italian labour law
Cost components	<ul style="list-style-type: none"> ◆ ASM carries the risk on operational costs: personnel, energy, maintenance, etc. ◆ ASM is responsible for investments in vehicles and other operational assets. Province is responsible for investments in infrastruc- 	

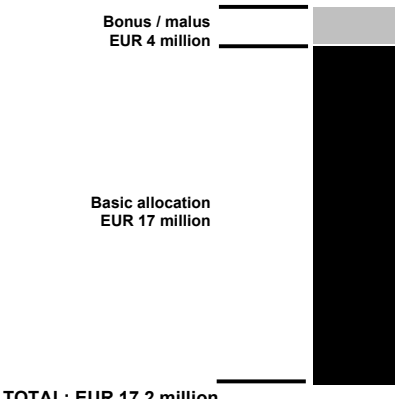


Main description	Remarks and variations															
ture																
Revenue components	ASM carries responsibility for passenger revenues. Tariff system is defined by the authority that also details the special pricing measures in place.															
Contract price and level of risk	ASM receives an annual allocation of €299 361 for a compulsory amount of 113 532 vehicle-km. This amount is indexed for inflation.															
<p>Level of risk – ASM (Sondrio, Italy)</p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>Data for Level of risk – ASM (Sondrio, Italy)</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> <th>Risk Carrier</th> </tr> </thead> <tbody> <tr> <td>Annual allocation</td> <td>100%</td> <td>€299 361</td> </tr> <tr> <td>Fixed risk (carried by authority)</td> <td>~58%</td> <td>Black</td> </tr> <tr> <td>Variable risk (carried by operator)</td> <td>~42%</td> <td>Grey</td> </tr> <tr> <td>Fare revenues</td> <td>~42%</td> <td>Grey</td> </tr> </tbody> </table> <p>Year: 2004 Note: data has been simplified.</p>		Category	Percentage	Risk Carrier	Annual allocation	100%	€299 361	Fixed risk (carried by authority)	~58%	Black	Variable risk (carried by operator)	~42%	Grey	Fare revenues	~42%	Grey
Category	Percentage	Risk Carrier														
Annual allocation	100%	€299 361														
Fixed risk (carried by authority)	~58%	Black														
Variable risk (carried by operator)	~42%	Grey														
Fare revenues	~42%	Grey														
Monitoring provision	<p>According to the specifications defined in the service charter: availability, accessibility, information, time, customer care, security, comfort, environmental impacts.</p> <p>Monitoring system for the local and regional transport</p>															
External factors	<p>Exclusivity: Operators have exclusivity on urban transport</p> <p>Transport policies: With service contracts, the province and the operators will look to achieve the following objectives</p> <ul style="list-style-type: none"> ◆ Transport policy: increase in the transport demand, improvement of level of service (in terms of quality, integration and communication) and service efficiency ◆ Environmental policy: contribute to improve environment quality ◆ Social policy: contribute to improve the PRM access to services 															

30 Stockholm (S): Tendered route bundles gross-cost contracts

Contracts for bus route bundles to be operated in the Stockholm agglomeration (1.2 mln inhabitants in the urban area, 1.9 mln inhabitant in the region). The operator carries only the production cost risk (gross cost contract), but is submitted to extensive quality management systems, partially related to customer perceptions. The contract presented as an example started in 2006 and is valid until 2011 with a possibility to prolong it until 2016.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: Stockholm Transport (SL). SL is 100% owned by Stockholm County Council and is responsible for all public transport in the region of Stockholm. As a regional transport authority, SL has the powers to grant exclusive transport concessions to operators in its region. ◆ Operator: Swebus, part of the Concordia group. Swebus is a private company. ◆ Initiative: authority initiated regime. 	<ul style="list-style-type: none"> ◆ Swebus operates busses in several regions in Sweden and areas in Stockholm. The specified contract entails bus transport in the Södertälje area of Stockholm. ◆ All bus transportation in Stockholm is awarded through competitive tendering. Previous contracts entail lower penalties and a different awarding procedure (i.e. mere price-considerations). ◆ All operators running on SL-contracts are private companies. ◆ SL is 100% owned by the county council, unlike in most counties in Sweden where also the municipalities are stakeholders. Thus, SL is responsible for supplying the capital region with public transport services. The basic quality standards and regulations are given by the county council, of which the SL- organisation is part.
General description of the contract type	<ul style="list-style-type: none"> ◆ The contract can be described as a gross cost contract. ◆ The operators receive an annual basic allocation, based on the stipulated commission and the annual price per bus km given by Swebus in the offer. The operators may receive bonuses (and pay penalties) in addition to the basic allocation according to various quality measures. 	<p>The specified contract is valid from January 2006 until August 2011. SL has the power to prolong the contractual period until 2016 if it is satisfied with Swebus performance. SL and Swebus respectively has the right to cancel the contract from 2011, with 15 month notice.</p>
Awarding procedure	<ul style="list-style-type: none"> ◆ The contracts are awarded through competitive tendering, according to the national law for public tendering. ◆ The contract is awarded according to two criteria: <ol style="list-style-type: none"> 1) Price per bus-km 2) Quality=Benchmarking of the quality of firm internal production processes, capacity and competence in working with continuous improvement 	<ul style="list-style-type: none"> ◆ The last criterion is given a monetary value depending on how far from the maximum (quality) the grade is. This value is put together with the price, forming a comparative figure. That figure settles the final mark. The last criterion is weighted up till 60%. ◆ The firm internal quality is measured according to a model of "customer oriented organisational development" developed by a Swedish institute (SIQ). The measurement is repeated on an annual basis during the contractual period. If the indicators fall, penalties occur.
Regime for Public Service Obligations	Contract.	
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ The main public transport policy goals are to influence mode choice, and thereby reducing air pollution and congestion problems. ◆ The specific contractual goals may from 2004 be characterised by the following: <ol style="list-style-type: none"> 1 Customer focus 2 Long term sound competition 3 Greater risk for the operator of cancellation 	<ul style="list-style-type: none"> ◆ The gradually changing contractual goals of SL are caused by problems that have occurred along the road. ◆ The previous cost contracts worked well in order to promote cost effectiveness. However, the tenderers pften submitted "too low prices". The parties acted short-sightedly, pushing reinvestments in competence, maintenance etc ahead.

	Main description	Remarks and variations
	of contract 4 Cost control 5 Standardisation 6 Care of working conditions and take-over of staff	◆ A board decision in 2004 put focus on improved quality management, broadened competition, cost control and development of professional competence on both sides of the table.
Service definition (tactical level)	SL is fully responsible for service design both prior to and during the contracting process.	This also goes for the contractual period, even though suggestions from the operators are welcomed.
Service production (operational level)	The bus operators are fully responsible for the operational level of its service. It carries small parts of the responsibility for the tactical level.	
Regime for changes in production quantities or contract amendments during the contract period	Compensation for changes in production quantities is predefined in the contract, and is compensated through amount of time-tabled vehicle hours and vehicle kilometres.	
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: national, provincial or municipal governments own Road infrastructure. The region of Stockholm owns metro infrastructure in the area whilst the train tracks are owned by the state. ◆ Vehicles: the operators own Vehicles. ◆ Other installations: All infrastructures surrounding the services are owned and maintained by SL, including the depots and workshops. 	The operators are responsible for the maintenance of the bus stops during the contractual period, even though SL owns them.
Status of the personnel	<ul style="list-style-type: none"> ◆ Take over of all personnel. The take over includes the transfer of workers right according to general collective agreements on the industry level. ◆ According to the contracts, the workers' wage levels are not to be lowered during the contract period. 	<ul style="list-style-type: none"> ◆ The take over of personnel is not compulsory according to the legal obligations in Sweden, but a voluntary decision from SL. ◆ SL also put requirements above the legal obligations by making central elements of the working environment and labour standard as part of the awarding procedure. ◆ In such, SL represents a divergent case in Sweden
Cost	<ul style="list-style-type: none"> ◆ Operational costs: The bus operators carry the risk on operational costs: personnel, energy, maintenance, etc. ◆ Investments: the bus operators are responsible for investments in busses and other operational assets. The various municipalities, in close cooperation with SL, generally carry out investments in bus infrastructure. ◆ Penalties: Penalties according to requirements specified in the contract (together with smaller bonuses). 	<ul style="list-style-type: none"> ◆ The allocation received by the operators is corrected according to a price index on an annual basis, based on wage rate, fuel rate and an input factor/workshop index. ◆ The total amount of penalties may constitute app. 15 percent of annual basic allocation, while the bonuses may constitute around 2 percent of annual allocation.
Revenue	<ul style="list-style-type: none"> ◆ SL carries responsibility for passenger revenues and has full control over the passenger tariffs. ◆ Both bonuses and penalties according to requirements specified in the contract. 	
Contract price and level of risk	<ul style="list-style-type: none"> ◆ The basic allocations equals approx. 17,2 mill Euro/year. ◆ Public transport in Stockholm is now approx. 50% subsidised by the local government. 	In the beginning of the nineties the subsidy rate was 75 %. Traffic services have expanded considerably since.

Main description	Remarks and variations	
 <p>Bonus / malus EUR 4 million</p> <p>Basic allocation EUR 17 million</p> <p>TOTAL: EUR 17,2 million</p>	<p>Range: EUR - 0,2M - + 4,4M</p> <p>↑ ↓</p>	<div data-bbox="1029 548 1428 694" style="border: 1px solid black; padding: 5px;"> <p> Variable (risk carried by operator)</p> <p> Fixed (risk carried by authority)</p> <p>Year: 2006 Note: data has been simplified.</p> </div>
<p>Monitoring provision</p>	<ul style="list-style-type: none"> ◆ Customer perception is now gradually being introduced as a base for evaluating the services provided by the operators. ◆ Also mystery shopper investigations are used to estimate quality levels and improvement. ◆ Random quality controls, audits, regular meetings and also automatic control systems will also be used. 	<ul style="list-style-type: none"> ◆ Economic bonuses/penalties are used to encourage improvement and avoid deterioration in the services as perceived by the passengers. The objective is that at least 75% of the passengers should be happy with the services of SL as performed by the operators. ◆ Punctuality is not only expressed as a percentage of late buses or trains over a time period, but as a figure telling passenger excess waiting time. In the now ongoing procurement of bus services all delays more than one minute compared to timetable is aggregated into excess waiting time, which in turn is incentivised.
<p>External factors</p>	<ul style="list-style-type: none"> ◆ Exclusivity: Swebus is one of three private operators running busses within the Stockholm region. ◆ Transport policies: 	<ul style="list-style-type: none"> ◆ Stockholm has just closed down a trial project on toll rings surrounding the inner city. The toll ring was partly used to finance increasing production levels for bus transportation. ◆ 4 to 5 operators bid on each tender. The number has stabilised recent years.

31 Sundsvall (S): Tendered net-cost network contract

Contract for the operation of the urban bus network of Sundsvall (X inhabitants). The vehicles are provided by the operator. The contract was awarded for the period 2005-2011 in a competitive procedure. The operator is submitted to both the production cost risk and the revenue risk (net cost contract), with an agreement on an annual ridership growth and an additional quality incentives linked to passenger perception. The operator may redesign services within specified accessibility norms after the first contract year.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: Västernorrlands läns Trafikk AB is owned by Västernorrland County Council and is responsible for all public transport in the County. As a regional transport authority, it has the powers to grant exclusive transport concessions to operators in its region. ◆ Operator: Buslink is a private company. ◆ Initiative: operator initiated regime . 	<ul style="list-style-type: none"> ◆ Buslink operates busses in several regions in Sweden ◆ The contract is valid from June 2005 until June 2011. The authority has the power to prolong the contractual period until 2014 if it is satisfied with Buslink's performance.
General description of the contract type	<ul style="list-style-type: none"> ◆ The concession granted to Buslink can be described as a net cost contract with incentives. ◆ Buslink receives an annual basic allocation, based on the amount of timetabled vehicle hours ("utbudskilometer"). ◆ Buslink may receive bonuses (and pay fees) in addition the basic allocation according to various quality measures. ◆ The total sum of all allocations equals approx. 2,4 mill Euro/year. 	<p>The allocation received by Buslink is corrected according to a price index on an annual basis, based on:</p> <ul style="list-style-type: none"> ◆ Wage rate index: 55% ◆ Fuel rate index 15% ◆ Consumer rate index: 30%.
Awarding procedure	The contract was awarded to Buslink through competitive tendering, according to the national law for public tendering, chapter 1 and 4.	<ul style="list-style-type: none"> ◆ The selection criteria were based on lowest subsidy requirement with negotiations. ◆ The tenders should also specify the cost of additional bus capacity and revenue km
Regime for Public Service Obligations	This is a tendered net cost contract.	Present the core information on the column to the left and add here points that may be needed for clarification
Policy goals and contractual goals (strategic level)	<p>The general aim for PT in Sundsvall is to develop a competitive PT service within the financial limit for the authority. The objective is described in article 2 in the contract:</p> <ul style="list-style-type: none"> ◆ To increase the number of passengers by 2 per cent annually ◆ To develop an accessible public transport system for all inhabitants ◆ All PT improvements must be within commercial profitability 	
Service definition (tactical level)	<p>The service design for the first year is defined by the authority and can only be redefined by a mutual agreement between the parties. For the rest of the contract period is the operator free to revise the service, but not reduce the revenue km beyond the initial service level. The network design must meet certain criteria like:</p> <ul style="list-style-type: none"> ◆ 80% of the inhabitants must live at least 400 metres from a bus stop ◆ 90% of the inhabitants must live at least 600 metres from a bus stop ◆ The network must be coordinated at specific locations defined in the contract 	

	Main description	Remarks and variations
	The fare level is decided by the authority and agreed to follow the consumer price index during the contract period	
Service production (operational level)	The operator must ensure enough capacity for all passengers at the bus stop and not accept passengers standing for more than 20 minutes.	
Regime for changes in production quantities or contract amendments during the contract period	If the authority demand increased bus capacity the price per bus and revenue-km are pre-defined in the contract. A demand for reduced capacity will be adjusted by 25% according to an estimate for the reduced farebox revenue.	The contract defines the framework for the fare and service level for regional buses and the option for renegotiations if the service develop beyond these borders.
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Road infrastructure is owned by either national, provincial or municipal governments. ◆ Vehicles: Vehicles are owned by Buss-link. ◆ Other installations: All infrastructure surrounding the services are owned and maintained by Busslink, including the depots and workshops. 	
Status of the personnel	There will be a compulsory take-over for a new operator according to the legal obligations in Sweden.	
Costs	<ul style="list-style-type: none"> ◆ Operational costs: Busslink carries the risk on operational costs: personnel, energy, maintenance, etc. ◆ Investments: Busslink is responsible for investments in busses and other operational assets. Investments in bus infrastructure are generally carried out by the municipality, in close cooperation with Busslink. 	
Revenues	<ul style="list-style-type: none"> ◆ Busslink carries responsibility for passenger revenues and the average fare level is defined in the contract. ◆ Busslink must increase patronage by 2% annually. If the level is below 2% they must increase the marketing effort up to max 4% of subsidies (100.000 Euro) 	The revenue split between regional and urban buses are defined based on the trip distance (zones) made by different modes.
Contract price and level of risk	Details not available.	
Monitoring provision	There will be a regular monitoring of the quality of the service (twice a year) among the regular "internet-customers" (about 2200 persons for Sundsvall city transport). There are 16 quality questions. For 5 of the elements at the operational level the quality index must not go beyond the initial level in 2004.	
External factors	Busslink is the only operator for the City bus operation, but several buses operate the regional traffic.	

32 Trieste (I): Tendered network contract

Net cost contract (2000-2009) for the urban network of Trieste awarded under competitive tendering (about € 32 mln/year).

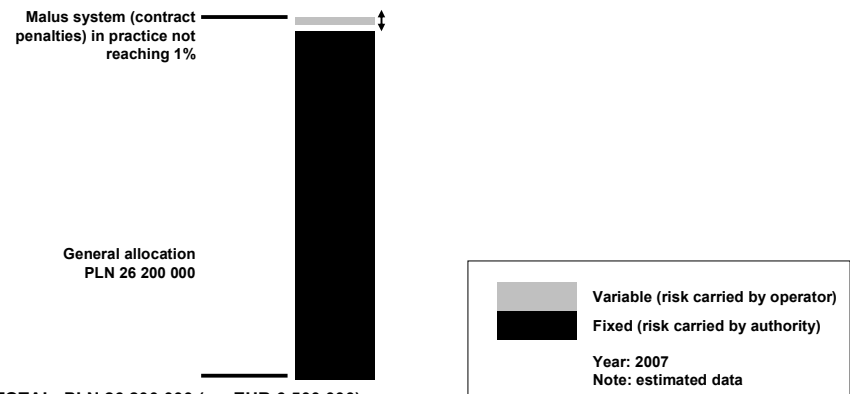
	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: Autonomous region Friuli-Venezia-Giulia and Province of Trieste ◆ Operator: Trieste Trasporti, shareholding company composed by AMT (ex ACT) Trieste (60,06%), Gruppo SAB/ARRIVA (34,93%), ATVO S. Donà di Piave (5,00%) and RATP Paris (0,01%) ◆ Initiative: authority initiated regime. 	
General description of the contract type	10 years service contract, on net cost basis. Monetary value of concession is calculated as the difference between standard costs and estimated service revenues. Production and revenue risks are born by the operator.	
Awarding procedure	The contract was awarded as the result of a competitive tendering procedure. in conformity with the EU Directive 93/38/CEE	Tender include the following criteria <ul style="list-style-type: none"> ◆ Detailed company's organisational plan ◆ Quality certification; ◆ Projected or existing information and ticket centres; ◆ Use of ITS technologies for service optimisation and monitoring; and ◆ Projects for fleet renovation and service quality improvement.
Regime for Public Service Obligations	Public Service Obligations are not specifically mentioned but are implicitly defined in the contract constituting the basis of the service charter	
Policy goals and contractual goals (strategic level)	<ul style="list-style-type: none"> ◆ Main policy goals include better integration between transport services and improvement of LPT quality and competitiveness. ◆ Mobility and accessibility standards are defined by the authority in the scope of the regional and provincial transport plans 	
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ Network design, timetabling and product specification are defined in the tender in accordance with the regional and provincial transport plans ◆ Operator can propose variations and the Province shall verify their compliance with the PRTPL (regional transport plan) and approve them 	Tariffs are approved by the Region and annually update by at least 120% of the annual average inflation rate of the transport sector
Service production (operational level)	Trieste Trasporti is fully responsible for the operational level of its service	
Regime for changes in production quantities or contract amendments during the contract period	<ul style="list-style-type: none"> ◆ Province may ask up to 10% of new services, provided that it can fund it. ◆ Operator can propose variations for a service change (at equal costs) if justified by considerations of public utility. The Province shall verify their compliance with the PRTPL and approve them. Such change do not imply a service revision, and is included in the form of additional acts 	Contract establishes that: <ul style="list-style-type: none"> ◆ Additional and integrated transport services (as compared to those identified by the PRTPL), up to 10% of the monetary amount fixed by the contract. shall be financed by the Province; ◆ Lines or trips reduction and timetable change (in conformity with the aims of the PRTPL), up to 10% of the monetary amount fixed by the contract. The Province shall approve them and accordingly re-adjust the contract's economic provisions; and ◆ Service operation program variations due to causes external to the operator's control (e.g. road works). The operator must regardless comply with the approved efficiency and economy criteria, while the Province shall fund the potential additional costs that such external causes could im-

Main description	Remarks and variations												
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Road infrastructure is owned by the Province ◆ Vehicles: Vehicles are owned by Trieste Trasporti ◆ Other installations: workshops and depots are owned by the Province 												
<p>pose upon the operator.</p>	<p>Specific norms were passed to facilitate the transition from old to new LPT operators. In particular, in case of replacement of current concessions, the incumbent is to take over (at market price eventually adjusted to take into account regional subsidies received by the leaving concessionaire) current personnel and rolling stock necessary for operation, and maintain the destination use of the infrastructure financed by the Region</p>												
Status of the personnel	<p>Compulsory take over of personnel</p>												
<p>The contract does not mention any requirement above the legal obligation regarding the take-over of personnel</p>	<p>Trieste Trasporti resorted to EU, national, and regional funding particularly to further research in the ITS sector</p>												
Cost components	<ul style="list-style-type: none"> ◆ Operational costs: Operator bears the risk on operational costs: personnel, energy, maintenance, etc ◆ Investments: in conformity with the PRLPT the Provinces should adopt a triennial plan for the realisation and completion of PTL infrastructure. Accordingly, the Provinces are entitled to provide subsidies up to 75% of the total required costs. 												
<p>Trieste Trasporti resorted to EU, national, and regional funding particularly to further research in the ITS sector</p>	<p>Trieste Trasporti is responsible for passenger revenues</p> <p>The service contract defines the monetary fines in case of missed trips imputable to the operator and/or use of vehicles not complying with the quality standards agreed in the contract (but do not define the amounts).</p>												
Revenue components	<p>◆ Trieste Trasporti is responsible for passenger revenues</p> <p>◆ The service contract defines the monetary fines in case of missed trips imputable to the operator and/or use of vehicles not complying with the quality standards agreed in the contract (but do not define the amounts).</p>												
Contract price and level of risk	<p>Annual allocation: €32 380 000 (unitary prices of €2,5 vehicle-km)</p> <p style="text-align: center;">Level of risk – Trieste Trasporti (Trieste, Italy)</p> <div style="text-align: center;"> <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>Level of risk – Trieste Trasporti (Trieste, Italy)</caption> <thead> <tr> <th>Risk Category</th> <th>Percentage</th> <th>Risk Carrier</th> </tr> </thead> <tbody> <tr> <td>Fare revenues</td> <td>40%</td> <td>Operator (Variable risk)</td> </tr> <tr> <td>General allocation</td> <td>60%</td> <td>Authority (Fixed risk)</td> </tr> <tr> <td>Total</td> <td>100%</td> <td>€32 380 000</td> </tr> </tbody> </table> <p>Legend: Variable (risk carried by operator) Fixed (risk carried by authority) Year: 2004 Note: data has been simplified.</p> </div>	Risk Category	Percentage	Risk Carrier	Fare revenues	40%	Operator (Variable risk)	General allocation	60%	Authority (Fixed risk)	Total	100%	€32 380 000
Risk Category	Percentage	Risk Carrier											
Fare revenues	40%	Operator (Variable risk)											
General allocation	60%	Authority (Fixed risk)											
Total	100%	€32 380 000											
Monitoring provision	<p>Compulsory development of a service charter covering quality aspects: availability, accessibility, information, time, customer care, security, comfort, environmental impacts.</p>												
External factors	<p>Trieste Trasporti has the exclusivity for urban transport in the region</p>												

33 Warsaw (PL): Tendering of route contracts

Competitive tendering of a share of the bus services in the Warsaw urban area, according to gross cost contracts for a period of 10 years.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Authority: City of Warsaw, Capital of Poland, represented by the City Transport Management (ZTM). ◆ Operator: International Transport Spedition Adam Michalczewski (ITS) is a private operator, present in Radom (100 km southern from Warsaw) and in Warsaw. ◆ The public service is initiated by the authority. Authority defines the whole service before the tendering procedure begins. 	<ul style="list-style-type: none"> ◆ Direct awarding for bus, tram and metro, except for about 10% of the whole production amount, which is awarded in competitive tendering, such as the case described in this table. ◆ Direct awarding is available according to the Polish procurement law, but Warsaw awards in bus transport more and more by a competitive tendering procedure
General description of the contract type	Gross cost contract. The authority is paying a fixed price per vehicle-kilometre. The contract duration is 10 years.	
Awarding procedure	Competitive tendering based on the Polish and European procurement law. The only criterion for selecting the best offer was the price per vehicle-kilometre.	Legal basis within Poland: <ul style="list-style-type: none"> ◆ Act "Procurement Law", Chapter 3 (Forms of procurement) ◆ Act "Transport Law"
Regime for Public Service Obligations	PSO is defined by the authority; it is a contract about production of a defined amount of vehicle-kilometres per year (4 million in this case) at a defined vehicle quality in 2-3 districts of Warsaw.	Bidders offer a price for the production per vehicle-kilometre. The bidders agree to the PSO, which is submitted in detail before the tendering procedure.
Policy goals and contractual goals (strategic level)	Policy goals: <ul style="list-style-type: none"> ◆ The cause of the competitive tendering is the need to reduce the costs of the authority and improve on the quality. ◆ The City of Warsaw submits systematic groups of routes for competitive tendering. The cause of the competitive tendering is the need to reduce the costs of the authority and improve on the quality. Contract goals: there is no specific contract goal.	By the end of 2006 15,5 % of the public transport services by bus have been given to tender. These routes were former operated by the municipal operator. The amount to tender is 25 % of the bus services at maximum (because of a social agreement between the City of Warsaw and the trade unions of the municipal operator).
Service definition (tactical level)	<ul style="list-style-type: none"> ◆ The authority defines the routes, fares and the timetable before the tendering process. 4 000 000 vehicle-km/year were tendered. ◆ The operator doesn't have any rights to define or change the service design 	The authority defines before the tendering the characteristics of the buses. Vehicles should be new, 18 meter long, low-entry buses. Within the latest tendering 50 new buses should start to operate in 5 phases, 10 buses every month. The whole production amount is reached in the 5 th month after starting operations.
Service production (operational level)	Authority determines the vehicle schedule. Rest of the decisions have to be made by the operator.	
Regime for changes in production quantities or contract amendments during the contract period	Authority is allowed, to change the production quantities up to 10%. If it's a growth (Christmas, etc.), negotiations with the operator are needed.	
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Ownership of the authority ◆ Vehicles and maintenance facilities: Ownership of the operator 	
Status of the personnel	No specific regulations	
Revenue components	◆ The authority carries risks related to the amount of fare revenues.	
Cost components	<ul style="list-style-type: none"> ◆ Operation risks: the operator carries personnel, vehicles, energy, maintenance etc. costs. ◆ Incentive mechanism: penalties for bad quality, as defined contractually (such as for punctuality requirements, etc.) ◆ Investment risks: the operator carries vehi- 	<ul style="list-style-type: none"> ◆ Indexation clauses: the payment to the operator is adjusted four times a year in accordance to the official inflation rate. ◆ There is no maximum level of penalties

Main description	Remarks and variations
<p>Contract price and level of risk</p>	<p>cle investment risks.</p> <p>At the beginning of the contract period in June 2006 the contract price was 6,55 PLN incl. VAT (at about 1,65 EUR) per vehicle-km (this price was the lowest of the 6 companies taking part in the tendering procedure)</p>  <p>Malus system (contract penalties) in practice not reaching 1%</p> <p>General allocation PLN 26 200 000</p> <p>TOTAL: PLN 26 200 000 (ca. EUR 6 500 000)</p> <p>Variable (risk carried by operator) Fixed (risk carried by authority) Year: 2007 Note: estimated data</p>
<p>Monitoring provision</p>	<ul style="list-style-type: none"> ◆ Automatic monitoring (a report of the board computers) ◆ Manual monitoring, done by the authority. ◆ The monitoring results should be sent to the authority at the beginning of every month.
<p>External factors</p>	<p>-</p>

34 Wittenberg (D): Competition for market-initiated authorisations

Competition for the authorisation to operate commercial routes, in the rural district of Wittenberg (about 120 000 inhabitants), awarded according to a functional tendering within the framework of the requirements of the regional transport plan (EU-wide publication by the authority), service design by the operator within that context. The vehicles are owned by the operator.

	Main description	Remarks and variations
General description of the contracting parties	<ul style="list-style-type: none"> ◆ Suburban district of Wittenberg, responsible for organising and financing public transport services by bus according to the law for public transport services for Saxony-Anhalt. ◆ Former operators (old concessionaires): Seven small and medium sized locally-based bus operators. New operator: the consortium "Neuer Wittenberger Busverkehr", led by Vetter (the largest medium sized private bus operator in the new federal states). ◆ Suburban district defines the standards. ◆ Competitive tendering procedure is only used to select an efficient operator for the realisation of the services along the guidelines laid down by the public authority (market initiative system with regulatory checks at the entrance) ◆ The suburban district Wittenberg, supported by the ministry of transport of the federal state Saxony-Anhalt, initiated a competitive proceeding: They published a call for applications for authorities to operate the respective commercial lines within the rural district Wittenberg EU-wide (within the Supplement to the Official Journal of the European Union). 	<p>Size of the urban area concerned</p> <ul style="list-style-type: none"> ◆ Square kilometres: Lutherstadt Wittenberg (city, including suburbs): 25,7 km² , rural district Wittenberg: 1.508 km² ◆ Inhabitants: Lutherstadt Wittenberg: 19 896, rural district in total: 124 321 ◆ Transport mode concerned: only bus services (city bus and regional lines) ◆ Responsibility for regional railways: Federal state Saxony-Anhalt ◆ Vetter, a medium sized private operator who was authorised to operate the respective lines, is supported in that consortium by three small locally-based operators, two of them were old concessionaires. ◆ Wittenberg, located in the south east of Saxony-Anhalt: has a still decreasing population, 100 716 inhabitants expected for 2020.
General description of the contract type	<ul style="list-style-type: none"> ◆ The authority (suburban district Wittenberg) has signed no specific contractual commitment, except the authorisation to operate the respective routes. The duration period of the authorisation for the exclusive right to operate commercial lines is eight years. ◆ As long as the operator fulfils certain quality criteria as laid down in the local transport plan and the local ordinance on the support of public transport services, he is entitled to a fixed financial support from the suburban district of Wittenberg for transporting pupils from and to schools and for running a mobility service office. Extra financial incentive is to be paid to improve quality and gain new passengers. 	
Awarding procedure	<p>The Suburban district uses the competition model "competition for permissions to operate commercial routes" to select the best bus operator. Since the amount of funding available is fixed, operators can compete only on quality for the exclusive permissions to operate commercial routes (quality competition). Operators can apply for three different networks (see tactical level). Main Criteria to select the best operator where:</p>	<p>Award procedure used:</p> <ul style="list-style-type: none"> ◆ Competition for authorisations to operate commercial routes ◆ Official call for offers in the Supplement of the Official Journal of the European Union Specificities of the local legal regime, ◆ Federal state and rural district are supporting competition for authorisations to operate commercial routes ◆ The EU-Commission identified a risk of

	<ul style="list-style-type: none"> ◆ Number of services within pupil transport ◆ Number of services within regular public transport ◆ Quality of the network (a.o. based on timetable kilometres and the number of bus stops served) ◆ Tariffs ◆ Participation in the local mobility service office, where information is provided to customers <p>Within this fixed financing scheme, the right to operate a network was granted to the application with the best quality bid. The winning operator is a consortium of three small and medium sized operators and one leading medium sized operator.</p>	<p>overcompensation (and undercompensation as well). But due to the fact that the incentive scheme may help to realise the aims of the White book of the EU, the commission notified the awarding procedure.</p> <p>Juridical specials</p> <ul style="list-style-type: none"> ◆ The national procedure “competition for the permission to operate commercial routes” is not in accordance with the regulatory framework of the EU directives on public procurement, although it creates at least a certain level of transparency. ◆ The suburban district Wittenberg, the federal state Sachsen-Anhalt and the German government notified this system of awarding exclusive permissions in public transport to the European Commission by the end of 2005. The commission checked whether the awarding procedure combined with the specific financing scheme does or does not qualify as state aid under the EC-Treaty. The commission decided, that the financing scheme is to be qualified as state aid because of an immanent risk of overcompensation, resulting from the missing link between payments per passenger and actual costs per passenger. But the commission granted an exemption. They argued that this risk of overcompensation could be accepted because of the immanent positive incentive to improve quality.
<p>Regime for Public Service Obligations</p>	<ul style="list-style-type: none"> ◆ The legal feature is the national procedure “competition for the permission to operate commercial routes”: This authorisation will be awarded (in a quality competition) to the operator with the best quality offered. Operators hand in their offers based on a financial allocation decision, published by the rural district in advance. After granting the authorisation to the applicant, the operator is obliged to supply these services during the whole period of the authorisation. 	<ul style="list-style-type: none"> ◆ Public service obligations are defined by the local transport plan of the rural district. This plan only defines minimum quality criteria.
<p>Policy goals and contractual goals (strategic level)</p>	<ul style="list-style-type: none"> ◆ Public transport policy goals: 1. Preserve minimum quality standards within public transport in a difficult economical environment. 2. Avoid growing travel times and preserve public transport for pupils. 3. Develop incentives to attract operators to optimise and increase ridership. ◆ Contract goals: 1. According to the regional transport plan for Saxony-Anhalt: competitive structures within public transport services will be used to increase efficiency to reach the budgetary aims. 2. Design financing support systems (subsidies) for public transport services in accordance with German and European (procurement) law, including the avoidance of overcompensation to operators. 3. Introduce competition in a way that supports operators’ initiatives and secure a market structure of (small and medium sized) private operators. 	<p>For the years to come the population is expected to decrease by 7 % up to 2008 and by 14 % up to 2014 in the federal state Saxony-Anhalt. At the same time a decrease in the number of pupils, who are the main customers of public transport within the suburbs and the rural areas, and a massive increase of senior citizens is expected.</p>
<p>Service definition (tactical level)</p>	<ul style="list-style-type: none"> ◆ The suburban district Wittenberg established several quality criteria as common welfare obligations in their local transport plan and defined three bundles of routes to be awarded. ◆ The operator has to define the service design to a large extent: He has to develop a plan for the location of bus stops, a time- 	<p>Main aspects were the common welfare obligations:</p> <ul style="list-style-type: none"> ◆ List of schools to serve ◆ Maximum waiting times for pupils at bus stops ◆ Serving of every village with more than 200 inhabitants at least once / twice a day, respectively

	<p>table, a vehicle schedule, a fare structure (based on existing fares).</p> <ul style="list-style-type: none"> ◆ The operators have to negotiate every change in service design with the rural district. Even fare increases have to be authorised. 	<ul style="list-style-type: none"> ◆ At least 30-minute frequency within the city of Wittenberg ◆ 80 % of all busses not older than 12 years ◆ Description of qualifications of bus drivers and cleanliness of busses ◆ Definition of three different networks: two regional networks with around 1.7 million and 0.9 million vehicle-kilometres per year, respectively, and one network within the city of Wittenberg, accounting for around 0.6 million vehicle-kilometres per year
Service production (operational level)	The operator decides on all aspects of the operational level. Some minimum quality criteria (see tactical level) may limit his freedom to a little extent.	
Regime for changes in production quantities or contract amendments during the contract period	No such contractual features. Only regular negotiations possible.	According to the German public procurement case law, changes to an existing contract result in the obligation to re-tender, if and when the contract is changed to such a degree, that form an economic point of view the changed contract is a new contract. But one can argue that in the case of Wittenberg public procurement law is not applicable, since no contract that falls under the contract definition of the public procurement law exists.
Ownership	<ul style="list-style-type: none"> ◆ Infrastructure: Road infrastructure is owned by either national, provincial or municipal governments ◆ Vehicles: Vehicles are normally owned by the operator ◆ Other installations: Workshops are normally owned by the operator. Stops bay infrastructure is either owned by the operator or the local public authority. 	
Status of the personnel	No specific regulations observed: Regular transfer by employee between employers according to normal German law.	The winning consortium announced to take over "to a large extent" the existing bus drivers from the old operators.
Cost	<ul style="list-style-type: none"> ◆ Operational costs: Operator carries the risk on operational costs: personnel, energy, maintenance, etc. The operator bears all internal (e.g. production risk) and external risks (e.g. increased costs for input factors) on his own. There are no indexation clauses. He collects fare revenues (fare increases have to be authorised by the transport authority). Which means that there is no sharing of risks between authority and operators at all. ◆ The cost of running a mobility service office is partially covered by a lump sum payment of 7.000 €/y to be paid to any operator who participates in running this office (no variation). ◆ For the transport of pupils to and from their schools a lump sum payment of 300.000 €/y is made, 100.000 €/y per network (no variation). 	
Revenue	<p>Passenger Revenues: Operator carries risk on passenger revenues. Above the ticket revenue, the operator receives the following payments:</p> <ul style="list-style-type: none"> ◆ 0.90 € per passenger (excluding pupils) within the regional networks ◆ 0.40 € per passenger (excluding pupils) within the city of Wittenberg ◆ Additional 0.40 € per passenger after 18:00 (to support demand responsive systems at these times) ◆ Additional 0.40 € per passenger on weekend 	<p>There are two elements of ex-post-control in order to avoid an overcompensation of the operator:</p> <ul style="list-style-type: none"> ◆ The operator has to get the agreement of the authority before any rise in fares and the authority can demand a fare reduction if it deems the level of profit for the operator to be too high. ◆ Payments to the operator can be reduced by 20% in case that it shows that the amount of payments significantly exceeds the cost plus an appropriate profit (over-

	days before 18:00 within regional networks (to support demand responsive systems at these times)	compensation).
Contract price and level of risk	<ul style="list-style-type: none"> ◆ Contract price: lump sum payments of around 310,000 Euro per year plus incentive payments as described above (no specific vehicle kilometres volume and calculated passenger figures of the winning consortium published so far to calculate price per kilometre). ◆ The level of risk is difficult to quantify. The share of the lump sum payments for pupil transport and the running of the mobility service office is certainly low when compared to the variable payments per passenger. But without detailed knowledge of the average amount of passengers travelling within the three relevant networks it is almost impossible to quantify the risk involved or the maximum possible extent of any variation. ◆ General estimation: With respect to usual contracts the risk is very much above of usual net cost contracts. 	<ul style="list-style-type: none"> ◆ The operator bears all internal (e.g. production risk) and external risks (e.g. increased costs for input factors) on his own. ◆ The operator received the exclusive right to operate commercial routes in the relevant area. He will collect fare revenues on his own (the same risk like usual net cost contracts). Increasing of fares has to be authorised by the respective PTA. ◆ The granting system contains lump sum payments (not to be paid in case of withdrawal of the authorisation because of missing the public transport service obligations). ◆ The winning operator is a consortium out of three small and medium sized operators and one leading medium sized operator. This may diversify the initial risk of this awarding between operators.
<p>Expected level of risk – Wittenberg (Germany)</p> <p>TOTAL: No detailed figures available</p>		
Monitoring provision	<ul style="list-style-type: none"> ◆ The suburban district has to trust on the figures transferred by the operators to the PTA for calculating the sums to be paid to operators. Control of these figures and of the fulfilling of the quality level takes place via the reports to be delivered to the suburban district. ◆ The suburban district is allowed to control the correct use of the subsidies paid at any time. 	<p>Main reports are:</p> <ul style="list-style-type: none"> ◆ Report of timetable and timetable-kilometres delivered ◆ Report on tickets sold ◆ Report on the number of passengers transported after 18:00 (and before 18:00 on regional networks) ◆ Confirmation (or non-confirmation) of all school directors about sufficient delivery of public transport services for pupils according to the quality criteria of the suburban district by the operators. ◆ Copies of a complete version of all complaints of passengers and the respective answers of the operator ◆ Confirmation of all reports by chartered accountant
External factors	The winning operator will have the exclusive right to provide passenger transport by bus within the rural district of Wittenberg (except rail services).	

