



Roland Schäfer

Mayor of the City of Bergkamen

President of the German Association of Towns and Municipalities

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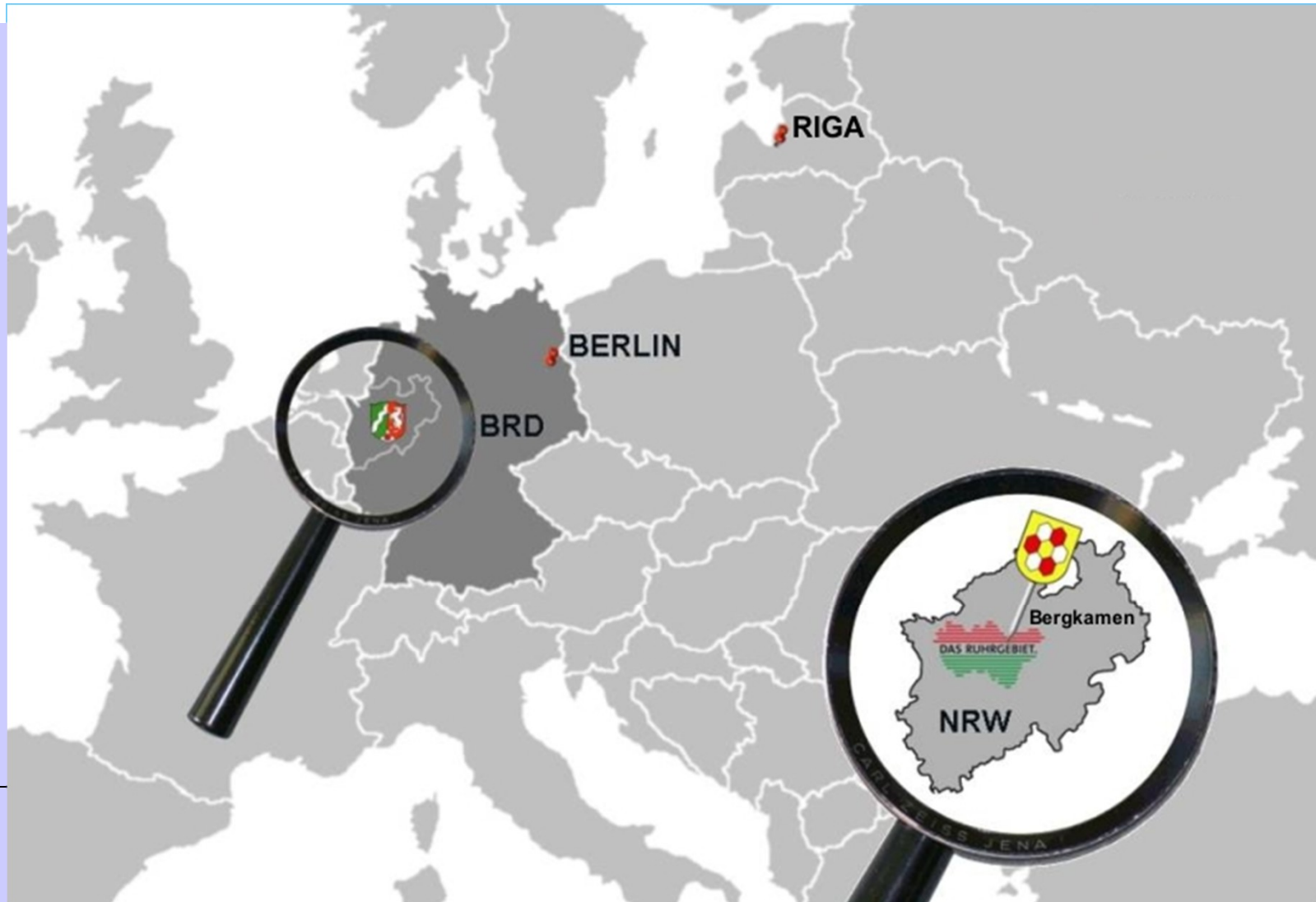


www.dstgb.de
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EPSU - European Federation of Public Service Unions Annual Conference Local and Regional Government

8. May 2012 - Riga, Latvia



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City of Bergkamen

- fundamental data 2012 -



- North Rhine-Westphalia, District of Unna, near Dortmund
- 51.000 inhabitants
- 44,8 sqkm city area
- historical grounds: biggest roman military camp north of the Alps
- Economical and social structure marked by coalmining and chemical plants
- city rights since 1966
- city budget: 333 Mio. €
- city staff: 370 (full time)



Since beginning of the city (1966)

Wastewater management: department inside city administration
(in 1997 transformed into a municipal enterprise)

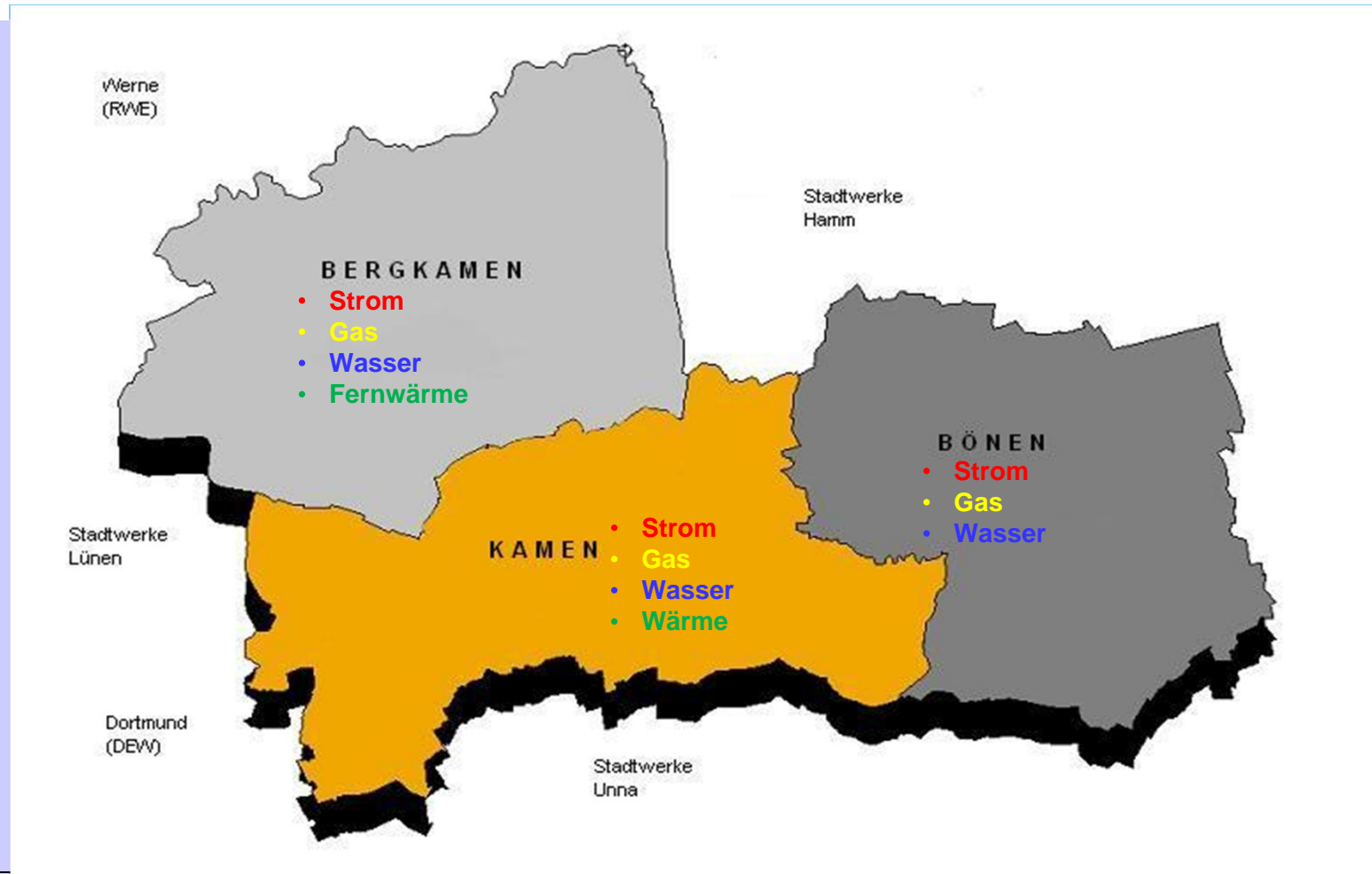
All other services provided by private enterprises after call for tender:

- Electricity and Natural Gas supply (VEW AG / RWE AG)
- District heating (Fernwärme Niederrhein Ltd.)
- Water (Gelsenwasser AG)
- Waste collection (Rethmann/Remondis AG)
- Street cleaning (Rethmann/Remondis AG)

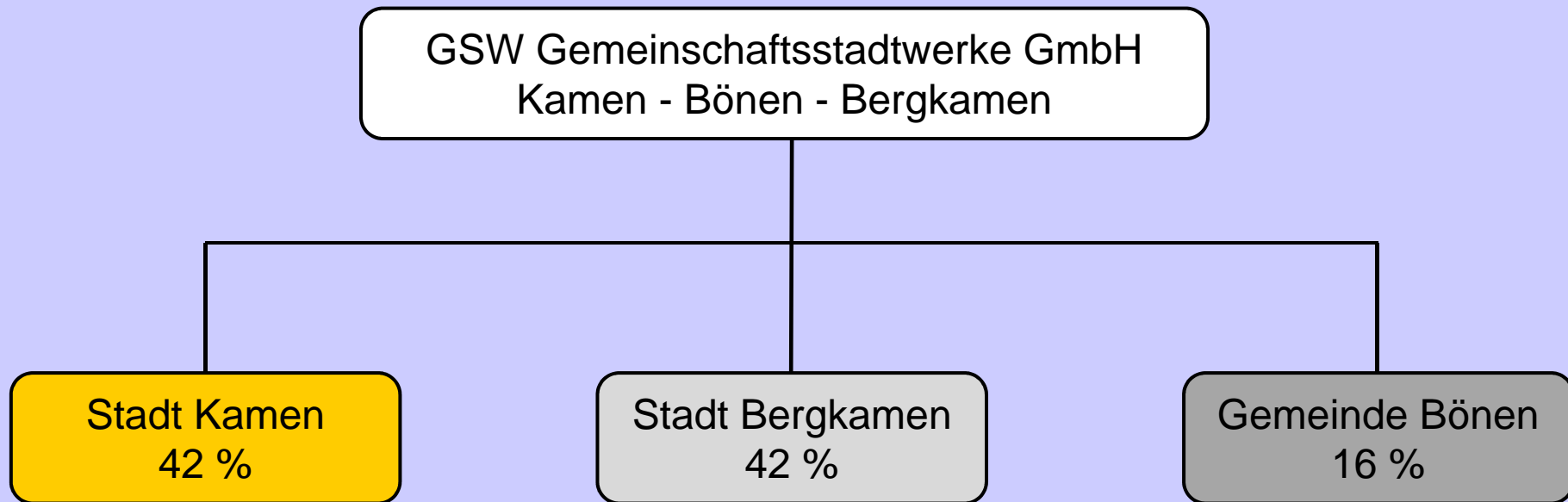
Since 1995 municipalised:

- electricity, gas, district heating and water supply, starting in 1995
- Street cleaning 2002 (reduction of fees approx. 25%)
- Waste collection 2006

GSW – Gemeinschaftsstadtwerke Kamen-Bönen-Bergkamen GmbH - Joint municipal services Ltd. -



Partners in the enterprise

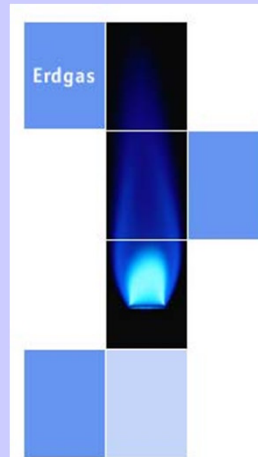


The business fields of the CSW



Electricity

- Kamen
- Bönen
- Bergkamen



Natural gas

- Kamen
- Bönen
- Bergkamen



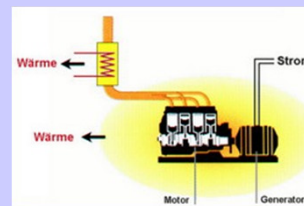
Water

- Kamen
- Bönen
- Bergkamen



Heating

- Kamen
- Bergkamen
- contracting projects



Energy production

- Participation in gas power plant (18 MW)
- 4 thermal power stations (14 MW)
- 1 Offshore- u. 5 Onshore-wind power stations (15 MW)
- 16 solar plants (0,5 MW)



Leisure centres

- 7 indoor-/outdoor baths
- 1 ice rink
- 1 sauna
- 2 trend sport facilities

GSW

- history and development -



- **1995:** Foundation of the GSW together with 2 neighbouring municipalities as a Ltd. enterprise (under private law) (cash investment Bergkamen: 15 millions DM)
Preparation for this decision since 1989
- **1995:** Conferment of municipal **leisure facilities** (2 baths, 1 ice-skating hall), voluntary transfer of city personnel
- **1996:** Purchase of **electricity** net, start of distribution
- **1998:** Establishment of ehw Energiehandelsgesellschaft West
- **1999:** Purchase of **natural gas** net (cash investment Bergkamen: 6,7 millions DM), start of distribution
- **1999:** Establishment of an affiliated company GSWcom and HeLiNet for **telecommunication** services
- **2003:** Purchase of the **district heating** net, start of distribution
- **2005:** Participation in a gas power plant in Hamm
- **2006:** Participation in a natural gas storage reservoir in Epe



- **2007:** Co-partner of Trianel Ltd. (nation wide network of Stadtwerke)
- **2008:** Participation in the project „Offshore Windpark Borkum“
- **2009:** Building of a new indoor swimming center and a sauna. Participation in the Trianel-project „e-mobility“
- **2010:** Start of **drinking water** distribution. Agreement with the former provider on establishing a new PPP-enterprise for maintenance of the water pipe network
- **2011:** Acquisition of 2 windparks with 5 wind power plants in the south of Germany. Participation in the Trianel feasibility study „pumped-storage power plant“

GSW – Gemeinschaftsstadtwerke Kamen-Bönen-Bergkamen GmbH - business figures 2011 -



General:

- Business area: appr. 117.000 inhabitants, 124 sqkm area
- Sales revenues: 140.0 mio. €

Supply divisions:

- **Electricity** (1.498 km net, 63.043 electric meters)
supply 393 mio. kWh / market dominance = 94,5 %
- **Natural gas** (439 km net, 20.557 gas meters)
supply 741 mio. kWh / market dominance = 97,3 %
- **Drinking water** (526 km net, 26.453 water meters)
supply 6,9 mio. cbm / market monopol
- **District heating** (29 km net, 713 building complexes)
supply 71 mio. kWh
- **Telephon/Internet:** appr. 11.000 customers
(market dominance 14 %)

Leisure facilities:

- 3 open baths, 4 indoor baths, 1 sauna, 2 trendsport facilities, 1 ice rink
(together appr. 500.000 visitors/year)



Positive effects for the entire field of the GSW in 2011

- Number of employees 186
- among which apprentices 13
- Wages (= purchasing power) 5.2 mio. €
- Procurements to private – mostly local - enterprises 10.0 mio. €

Financial effects for Bergkamen in 2011

- Concession levies for electricity, gas and water 2.7 mio. €
- Sponsoring for social, cultural, sports et.al. purposes 85.000 €
- Trade tax noteworthy
- Profit share for Bergkamen:
 - Cover of losses of leisure facilities 2.1 mio. €
 - Dividend payout 0.5 mio. €

Waste management in Bergkamen



Responsibilities in North Rhine-Westphalia:

- municipalities belonging to a district: collection and transport of municipal waste (domestic waste)
- the district: incineration, landfill or composting

Initial situation in Bergkamen:

- Since start of the city (1966) waste disposal by private enterprises
- the last call for tender of 1994 with private procurement to Rethmann/Remondis AG till 12/2005 for bio waste, waste paper, residual waste as well as bulk waste and green pruning
- Since 2003 considerations as to future organizational form of waste disposal



- A new - European-wide – invitation to tender and procurement to the cheapest of the participating private enterprises
- Joint waste disposal with neighbouring municipalities by means of a new inter-communal association or enterprise Ltd.
- Integration of the waste disposal into our existing inter-municipal enterprise (Stadtwerke)
- Sole execution in Bergkamen by a proper Ltd or a municipal enterprise

Decision procedure



- Internal administrative working group from finance department, personnel and organization department, technical department and head of workers council. Coordination by the chief technical officer.
- From the beginning close information and integration of the political groups in the city council
- Intensive exchange of experience with local waste management enterprises in the neighbouring municipalities
- Calculation of costs by the city administration (prognosis: municipal provision could be cheaper)
- Commissioning of auditors agency Ernst & Young as well as management consultancy ECONUM with a study of feasibility and economic efficiency autumn 2004 (prognosis: 30 % (!) cost saving by a city owned enterprise)



- **May 2005:** Principle resolution of the city council: municipalisation of the waste collection in Bergkamen
- **Starting from June 2005:** European-wide tender of the refuse collector vehicles and negotiation with the previous private enterprise regarding the taking over of 35.000 waste containers in the municipal area
- **December 2005:** Decision of the city council regarding the statute of the establishment of the EBB as an own municipal enterprise with the task to collect and transport domestic waste, bio waste, waste paper, bulky waste, green pruning as well as the task of street cleaning
- **January 2006:** Employment of an skilled expert for routing and operational planning
- **May, June 2006:** Engagement of employees and “dry training” of one month
- **1. July 2006:** Beginning of the urban waste collection

Vehicle park and investments



Vehicles:

- 6 waste collection vehicles: 5 side loaders (4 in use, 1 reserve), 1 rear loader
- 1 7,5-ton lorry with box body and loading platform
- 2 road sweepers
- 1 car for road inspection

Accommodation:

on the premises and in the building of the city construction courtyard subjected to reimbursement of costs

1.6 millions EURO total investments for establishment:

new vehicles, purchase of the waste containers from the former provider, reserve container procurement, work clothes, vehicle shelters, office equipment, logistic software etc.

EBB

- side loader in action -





Structural data EBB - personnel and management -



- 1 managing clerk (operational planning)
- 1 ½ administration offices (accounting, controlling, container management and citizen contacts)
- 9 employees as drivers and workers for waste disposal
- 2 employees as drivers for street cleaning
- all paid according to the collective wage agreement for the public service - TVÖD

Other services (data processing, staff administration etc.) by urban administration subjected to cost-effective settlement

Management: chief technical officer of the city (extraofficial)

Supervisory board: operating committee (17 councillors - no attendance fee -, 2 employee representatives)

Decision-making body for questions of principle: city council



08.05.2012

Roland Schäfer - EPSU conference Riga

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Results of the municipalisation for the citizens



- The transition from private provider to municipal enterprise ran smoothly.

Financial consequences for the citizens:

- Local handling indeed 30 % cheaper than the previous private disposal
- Decrease of the waste fees: about 7,8 % in 2006 and once again about 3,4 % in 2007 (despite an increase of 3 % of the VAT and an increase of 6 % of the incineration costs)
- since 2006 till today: lowest waste fees in the district of Unna

Improvement of service provision:

- Standardization of the removal frequency
- Supply of express service and full service as to bulky waste disposal
- "Diaper tub" for families with small children
- Other improvements and developments

Why can the EBB work so cheap?



- The city does not have to make profit from the waste disposal; the EBB just has to be cost-effective
- Deployment of modern collection technique and logistic software
- The overhead (management, administration, control organ) has been deliberately organised economically and cost-effectively
- The number of personnel was narrowly calculated; supplementing services are purchased in a need-oriented way
- The EBB is not subjected to VAT (on the other hand it is also not entitled to pre-tax allowance)

EBB

- further development -



Inter-communal cooperation for special vehicles and using vehicles for municipal advertisements:



„Waste-Smart“ for cleaning small pathways and special tasks:



Benefits of the municipalisation for the city



- Creation of 13,5 fulltime jobs (wage agreement for the public service - TVÖD)
- Wages 2011 (= purchasing power) 560.000 €
- Procurements to domestic economy 2011 750.000 €
- 100 % cost efficient – no hidden subsidies necessary
- Transfer to the city budget 168.000 €
(6,5 % calculative interest of municipal equity)
- Easier possibility for improvements and changes
- Flexible reaction to complaints and wishes of citizens possible

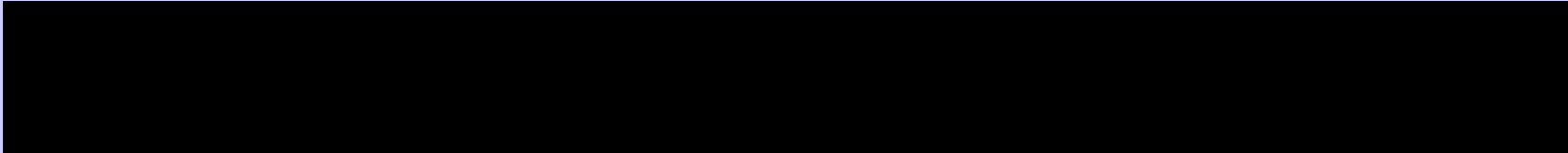
Reasons against municipalisation of public services

Municipalisation is an entrepreneurial decision, especially in a liberated market:

- There is no guarantee for success. You have to face business risks, hazards or even complete failure
- You need money
- You need experienced personnel

A municipalised service is your own service:

- You have to take responsibility for failures, mismanagement and strikes
- You have to justify unpopular decisions

- 
- Competition cannot regulate everything. The private sector does not automatically provide better quality and is not always cheaper
 - Municipal enterprises can work efficiently or even more efficiently than private ones
 - Being profitable can be compatible with general public interest – profit maximisation for shareholder value will not be compatible
 - The existence of numerous municipal enterprises strengthens competition in the supply and disposal market
 - Municipal enterprises guarantee security and reliability of the public services

Reasons for municipal provision of public services

- Creation of jobs in the region with social insurance and sufficient pay, thus strengthening the local employment situation and the local spending capacity
- Procurements to private local handicraft and local medium enterprises possible, thus strengthening the local economy
- More public proximity and less anonymity
- Flexible reaction and short term improvements possible
- Control by council and administration, thus influence of the citizens
- Additional means for political creative possibilities in the general interest (social, environmental, consumer interests, sustainability et.al. purposes)
- In case of economic activities (i.e. Stadtwerke): the profit goes to the municipality and not to a far away corporate headquarter



Inaccurate alternatives:

- Private value or Public value?
- Shareholder value or Citizen value?
- Free competition or state dirigisme?
- Private before state or local before private?

Important is:

- The concrete interests of the citizens must be the centre of attention, and not ideologies
- The municipality should decide by itself in a transparent and democratic way which services and in which organisational form it will provide

My personal conviction:

- **Municipal provision of basic public services is often the best way!**



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Danke für Ihre Aufmerksamkeit!

Thank you for your attention!

Merci bien pour votre attention!

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