

PULA BUS RENEWAL PROGRAMME

NON-TECHNICAL SUMMARY

Introduction

The public transport company “Pulapromet d.o.o. (“PP” or the “Company”) from Pula is in the process of developing an investment programme to modernize the existing bus fleet through the purchase of up to 20 Compressed Natural Gas (CNG) low-floor buses (‘the Project’).

The Project is a combined effort with the City and the Gas Company to introduce a new system of fuelling – using natural gas, and replace the current diesel buses, thereby using locally available gas reserves. Separately, but in parallel (and not the subject of this document), the gas company (Plinara d.o.o.) is preparing to construct a natural gas pumping station near the location of the Pulapromet workshop.

The Company have approached the European Bank for Reconstruction and Development (EBRD) to approve a loan of around Euro 6 million for the proposed investment. During the Bank’s assessment of the Project, the Company will undertake a technical comparison analysis, an environmental and social assessment of the Project, as well as economic and financial analysis.

Project Description and Background

The Company is the public transport company owned by the City of Pula and the surrounding municipalities. City of Pula owns 71% of the company and the rest is divided among the other 7 shareholders. The Company has existed in its present form since 1996, but the City has a 100-year old tradition of running the public transport system in Pula.

The Company provides public transport services to the city and the neighbouring municipalities. It currently operates 34 buses covering the network of 9 urban routes, and 5 suburban routes. The Company provides its services throughout the territory of the Cities of Pula and Vodnjan and the Municipalities of Medulin, Ližnjan, Fažana, Barban and Marčana. Through their services the Company transports around 3.7 million passengers a year, across 1.9 million km (as of 2014).

The EBRD financed the Company’s purchase of 22 buses (13 single and 9 mini buses) in in 2006 with a loan of EUR 5 million. All the buses were fully operational as of 2007. In 2004, the Company introduced a new BUScard system for ticket validation based on a contactless (magnetic) smartcard system. This advanced system was one of the first in the region and provides the Company with valuable management information on ticket sales, number of passengers per trip, customer profiles, use of routes per hour and day, turnover per driver, and has reduced the percentage of free riders considerably.

In addition, during 2007 the Company integrated the GSM tracking of the overall bus fleet enabling on-line monitoring of the speed and location of each bus. In 2012, video surveillance was established in every bus. The four cameras per bus were installed to monitor the efficiency of the ticket purchase system and passenger safety.

Nevertheless, despite these investments, the average age of the Company's bus fleet is over 10 years, with more than 35 per cent of buses being 13 year or older compared to the optimal industry standard of 3-4 years. The older buses cause significant pollution and noise, which has a negative impact on urban air quality and the environment. They also, in some cases, do not meet all of the safety requirements. The target bus contingent to be replaced is fully depreciated.

Such a fleet condition is unsustainable, especially with regard to pollution, noise and lack of reliability created by the current fleet.

Benefits of the Project

The planned purchase of 20 new CNG buses will improve the reliability and quality of public transport services for users and the Company, by reducing fuel costs, reducing noise levels and improving air quality through reduced carbon emissions and better fuel efficiency, in compliance with Regulation (EC) No 595/2009 of the European Parliament.

The investment in 20 new CNG buses will result in a significant reduction of carbon emissions from the urban bus sector (estimated to be reduced by up to 32 per cent on an annual basis or 13.8 tonnes of CO₂ per bus on an annual basis).

Studies Undertaken and permits received

The City and the Company are eager to advance with the preparation of this bus fleet financing, and has expressed a desire to commence with review and completion of the existing feasibility studies prepared by the Croatian energy institute "Hrvoje Požar" and preparation of other required documentation needed for the Project to proceed. During this further due diligence, the Company will also seek to re-confirm the technical advantages of CNG buses versus other available engine technologies.

Environmental and Social Impact of the Project

Environmental

No changes are anticipated to be directly associated with bus routes and wider public transport provision in the city, as the acquisition of the new buses will only directly facilitate the replacement of old buses on existing routes.

There are direct and indirect impacts that may arise from the acquisition of new buses for the City of Pula public transport. These include impacts from the parking, refuelling, operation and maintenance of the buses. It also includes the environmental impacts associated with the disposal of some old buses.

The project itself will reduce atmospheric pollution through replacing the old diesel buses with new CNG buses. The technical description of the vehicles, which is an integral part of the tender documents, includes the technical characteristics of the new vehicles. The Company produced a study which shows that CO₂ emission of the new CNG buses will be 32% lower than old diesel buses.

Environmental impacts have been identified and assessed through various Company's internal documents and procedures.

There is a clear indication that the Company is committed to compliance with environmental legislation in Croatia and with ensuring that the procedures that they had put into place were adhered to.

Environmental impacts will be regularly checked, updated and assessed as a part an Environmental and Social Management System (ESMS). An ESMS will be introduced by the Company in line with ISO 14001 in order manage environmental performance and drive continual improvement.

Current supplier of buses and their parts are reputable companies established in Europe. It is unknown at this stage, who will be the supplier of new buses under this Project.

No works are currently ongoing. However the Bus Depot facility may require some regeneration and upgrades at a later date (not within this Project).

Health and Safety

The acquisition of the new buses will directly facilitate the replacement of old buses on existing routes and will help in improving the quality of such services.

The Company is obliged to adopt a Health and Safety Management System which aligns with OHSAS 18001.

The Company abides by Croatian legislation with regards to traffic and road safety. However, to further improve its road traffic safety performance, the Company will develop and implement of a formal road traffic safety management system which aligns with ISO 39001.

Social Impacts and Benefits

The purchase of the new buses will be beneficial for the passengers as it will improve the reliability and quality of public transport services, improve accessibility to low-floor buses for persons with disabilities and elderly people.

Public Consultations and Stakeholder Engagement

As a public company, PP is held to the requirements of the Law on Freedom of Information (Official Gazette No. 85/15) and must make pertinent information regarding to all projects of public interest publicly available.

Hard copies of the following documents will be publicly available at all Company premises:

- Summary of the Grievance Management Process, as described in the following Section of this document and a sample Grievance Form (page 5);
- Any newly developed company policies and obtained certifications, i.e. environmental, health and safety policies;
- Emergency response or other procedures to be followed in case health and safety risk assessments identify potential risks or impacts on local communities;
- Summary of annual environment, health and safety and social incidents or activities of the Company, including a summary of grievance management results.

A Stakeholder Engagement Plan has been developed for the Project, to ensure that the Company manages communication with external stakeholders in a timely and effective manner. This plan foresees that the Company will regularly inform the general public about the project and relevant events through the company website

(<http://pulapromet.com/en/naslovna-eng>) , through the media (Radio Pula, Radio Maestral, Newspapers “Glas Istre”), as well as announcements posted in their buses and at bus terminals and bus stops, as appropriate.

Public Grievance Mechanism

The Company will accept all comments and complaints associated with the Project. Grievances will be registered and responded to within 15 days, if contact details of the complainant are provided. Individuals who submit their comments or grievances have the right to request that their name be kept confidential.

A sample of a Comments and Complaints Form is provided at the end of this document. Any person or organisation may send comments, complaints and/or requests for information in person or via post, telephone or email using the following contact information:

Attention: [Edi Milevoj, Transport quality manager]
[Transport Department]

Pulapromet d.o.o.
Postal Address: Starih statuta 1a
Telephone: +385 52 222 677
E-mail address: info@pulapromet.hr

Pulapromet d.o.o. will monitor how grievances are being addressed.

At all times, complainants are also able to seek legal remedies in accordance with the laws and regulations of the Republic of Croatia.

Public Grievance Form

Reference No:	
Full Name	
Contact Information Please mark how you wish to be contacted (mail, telephone, e-mail).	<input type="checkbox"/> By Post: Please provide mailing address: _____ _____ _____ <input type="checkbox"/> By Telephone: _____ <input type="checkbox"/> By E-mail _____
Description of Incident or Grievance: What happened? Where did it happen? Who did it happen to? What is the result of the problem?	
Date of Incident/Grievance	<input type="checkbox"/> One time incident/grievance (date _____) <input type="checkbox"/> Happened more than once (how many times? _____) <input type="checkbox"/> On-going (currently experiencing problem)
What would you like to see happen to resolve the problem?	

Signature: _____

Date: _____

Please return this form to:

Implementation of Environmental and Social Requirements

The EBRD have undertaken Environmental and Social Due Diligence of the proposed Project and its compliance with EBRD's Environmental and Social Policy 2014. Areas where greater alignment with the Environment and Social Policy could be achieved have been identified in an Environmental and Social Action Plan (ESAP). The ESAP has been agreed with Pulapromet d.o.o. and it sets out the programme, identifies those responsible and defines success criteria, and as such provides a framework for monitoring the implementation of the measures.