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## **1. CITY CENTRE DEVELOPMENT OF OSTRAVA IN THE CONTEXT OF *CITY MANAGEMENT***

### **1.1. Introduction**

Growth of city outskirts' importance in contrast to city centres has been characteristic for structural changes of cities in past decades (i.e. Siebel 2000). Suburbanization has become the driving force of this change. This process of cities expansion beyond their original borders deepens and changes the basic dichotomy – centre vs. periphery<sup>18</sup>. Practically in all cities of Western Europe, we can observe a long-term intensification of the negative asymmetry disadvantaging the city centres (Sýkora 2003; Läßle 2003), bringing complex spatial de-centralization, respectively de-concentration of processes and phenomena. City centres are confronted with keen competition primarily in connection with the growth of shopping centres and out-of-town development of other commercial facilities, struggling to retain the purchase power, attraction of investment, and overall image. In reaction to the decreasing competitiveness of European city centres versus peripheral areas, new organization form of management<sup>19</sup> emerged in the beginning of 1980s, aiming to reverse the negative status of city centres<sup>20</sup>. This text will focus on one such example, the so-called *city management*, which became one of major models in Germany.

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<sup>18</sup> In connection with this concept, the term “green field” is also applied. In this text, we consider these two terms to be synonymous.

<sup>19</sup> Another alternative in balancing the asymmetry is the so-called positive discrimination in favour of city centres through spatial regulation (Jürgens 1998).

<sup>20</sup> First projects to revive city centres were implemented in Britain in 1974 (Stubbs 2002). In Germany, first measures aimed at reviving city centres were realized at the beginning of 1980s (Kuron 2005). Survey of organizational and financial concepts connected with this topic is available in Murauer (2004).

## 1.2. Concept of City Management

Factually the *city management*<sup>21</sup> can be defined as co-operational and project oriented communication process among public, private, and non-profit sectors, aiming to strengthen, or to increase attractiveness of city's inner areas respectively (see Kuron, Bona 2001; Jürgens, 1998; Ježek 2007; DSSW<sup>22</sup>). In essence, it is concerned to be a partial transfer of the conventional business management, respectively centre-management, into the territory of inner cities with certain modifications (Jürgens 1998), implying its markedly pragmatic project orientation. The term *city management* must not be mixed with the term city marketing (see Helbrecht 1994; Rumpel 2002), but it is possible to segment their character spatially. *city management* focuses preferentially on the inner areas of the city, eventually on inherently localized areas, while city marketing conceives the city as a complex and has wider orientation (Kuron, Bona 2001). Primary relationship to the central parts of the city does not necessarily imply that the *city management*'s measures and tools have no impact in the framework of the whole city, but that the administered and managed activities are located in the central areas of the city. From the viewpoint of urban governance (Einig et al. 2005), the case of *city management* is in our opinion the so-called functional governance, because of its emergence based on the need of solving specific problem, and lacks the clear territorial (administrative) fundament (Fürst 2003).

The key precondition for functioning of the *city management* is largely the willingness of local actors to participate on the process of change (real estate owners, businessmen, hotels, restaurants) due to number of reasons. Firstly – active participation of local actors on particular project provides on one hand the critical feedback needed for the process optimization, and on the other hand the identification of actors with the project provides a steady base for creation and implementation of measures, which helps to maintain

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<sup>21</sup> It is necessary to note that different terminology is used in German speaking and English speaking countries, and after all in the Czech Republic as well. *City management* concept applied in our case stems from the practice in Germany, i.e. from the spatially segmented concept, coined in Germany sometimes also by the term *city marketing*. However, this term is in other countries used as an equivalent of the Complex city marketing (Stadtmarketing – Meyer 1999), while the equivalent of the German term City marketing is then (i.e. in the UK) the so-called *town centre management*. Even the term *town centre management* by its definition - “the search for competitive advantage through the maintenance and/or strategic development of both public and private areas and interests within town centres, initiated and undertaken by stakeholders drawn from a combination of the public, private and voluntary sectors” (Warnaby et al. 1998) – confirms itself.

<sup>22</sup>Das Deutsche Seminar für Städtebau und Wirtschaft.

the necessary continuity of the process. However, character of the participation cannot be narrowed down only to the above mentioned aspects. Most of the cities are unable to fully finance all measures essential to start the process of revitalization, as the city budgets are (under the steadily rising pressure of competition and their own inhabitants) on the edge of their possibilities (Rumpel 2002), and therefore are giving way to the growing general need of co-financing from the private sector (public-private-partnership). Attenuation of the public sector's role in the process of planning should not be omitted as well (Siebel et al. 1999). In the framework of the *city management*, these are regarded as the so-called communities of interest. The community of interest is a voluntary coalition of local actors based on their endogenous activity, while its general objective is to increase the attractiveness of the concerned territory. The volume of contribution can be very variable and is in full competence of actors. These communities co-operate in most cases with the responsible institution of city government (City manager), which disposes – with consent of the community – with their available resources. However, this model of actors' participation shows a number of disadvantages. In practice, we often deal with the so-called “free-rider-problem” – situation when the actively participating actor receives the same proportion of positive effects, as the actor playing a more passive role in the process of change (e.g. Forsberg et al. 1999). This fact functions as a de-motivating factor for the actors involved and weakens the position and role of the community<sup>23</sup>.

The main objective of the *city management* concept is to increase the attractiveness of the inner city and eventually its revitalization. Cultural, leisure time (the so-called “critical infrastructure” – Zukin 1995), educational, administrative, and sometimes even housing functions of the inner city are strengthened. Emphasis is put on architectural appearance, urban pattern of the inner city and improvement of the transport accessibility (in detail in DSSW; Funke 2005; Rumpel et al. 2007). Measures demanding the highest requirements on the intensity of the co-operation process are represented by the optimization of the retail sectoral mix using the retail space management. This process incorporates on one hand the attraction of

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<sup>23</sup> Certain elimination of the “Free-rider-Problem” can be expected from Business Improvement Districts (BIDs). This model has similar principles as communities of interest with the difference that it is normatively anchored, i.e. its form is defined by a special law on the national (regional) level, which functionally eliminates the “Free-rider-Problem”. If a BID is formed in given locality (in most cases a qualified majority of actors is needed), all actors without any exceptions are obliged to pay fees. Currently, there are around 1500 BIDs in the world and in the last years, this concept which was created in the 1970s in North America (Bloor West Village in Toronto), started to be applied also in European cities (i.e. Pütz 2008). For the time being, it is quite impossible even to think about practical implementation of the BID concept in the Czech Republic (Slach 2006).

businesses improving the retail sectoral mix, and on the other hand the proactive marketing of vacant retail spaces. The major critical point regarding this measure lays in the fact that in many cases the effort to increase the retail sectoral mix quality collides with the real estate owners' main objective, which is logically the maximization of their profit (Heinritz 2003).

*City management*, similarly to other concepts established on the PPP basis, necessitates certain doubts mainly in connection with the weakening of democratic control of public spaces. That is – organizations covering the *City management* often seize (from the position of power) control over given public spaces without being delegated to such power on the basis of regular democratic elections as is the case of public sector (see Glasze 2001). Another problematic aspect can be seen, in case of too weak position of the public sector, in the increase of polarization in the framework of the city as a whole, as well as aesthetic unification and homogenization of inner cities exclusively according to the needs of participating actors, i.e. retailers, or services providers, or on the basis of the consumers' needs respectively (see Brenner Heeg 1995).

### 1.3. Case Study of Ostrava

The city of Ostrava can be classified as a typical representative of the de-industrialized city with a wide industrial base, and with complicated post-industrial changeover (see Lash, Urry 1994), even more intensified by the transformation to the free market economy. Likewise in other industrial cities, housing and services functions did not originate from the historical basis of medieval towns. Contrastingly, these functions were whipped like rings around individual coalmines and factories, which resulted in chaotic house-building, mingling of functions, and multi-core housing structure. The role of the city centre is in the context of city's historic development markedly weakened. This is mostly due to the construction of new housing sectors (Poruba, Ostrava-Jih) after the World War II in long distance from the city centre, away from the coal-mining area, and also due to preference of investments in these newly built localities, which was later even intensified by the weak services sector resulting in relatively low level of civic amenities in the city centre (Kuta et al. 2005). Relatively positive development of the city centre was markedly complicated by the construction of shopping centres, which started in Ostrava around 1998 (Bednár 2008). Many super-markets (or hobby markets) or shopping centres were paradoxically built in many cases in localities close to the city centre that originally had different functional use, which was also a result of the fact that these investors were almost "courted" by the city authorities (Rumpel, Waack 2004). Although we can see the positive development (increased activity of investors, positive

transformation of the sectoral mix) in last five years, it is still necessary to take more active steps towards the revitalization of the city centre of Ostrava. The situation is critical mainly during weekends, when the city centre turns into a “ghost city”. In the following text, we will analyze two model initiatives that are aiming (or aimed) to increase the city centre’s attractiveness in inter-regional competition.

#### **1.4. Centre alive! Project**

An interesting attempt to revive the city centre of Ostrava was the project Centre alive! implemented from 2003 to 2006. The project emerged from the initiative of commercial sector with important contribution from the personality of a local leader, resident businessman. Initial phase of project preparations from certain part implied the model of communities of interest, with objective to support retail businesses in the core zone. In cooperation with the local authority, discussion with the business sector was established, whose participation showed to be insufficient in the end. Despite the fact that finally no official body (organization) was established to represent the needs of commercial sector when negotiating with the local authority, the Centre alive! project was actually a reaction on the discussions of the local authority representatives with businessmen. The substance of the project’s implementation phase was event marketing, that is organization of big entertaining shows and other supporting events on the city district’s territory (i.e. not only in the “narrowly” defined city centre).

Institutionalized result of the project was also creation of a new position within the city hall – city district manager, in fact a city-manager, who acted as a project coordinator and partner in the process of negotiations with involved commercial partners, simplifying the communication process between public and private sector. At his recommendation then the City district Council approved financing of major events and smaller, often supporting events. Every commercial or non-profit entity based in the city centre could apply for grant covering the organization of such event. On a long-term basis, 15 to 20 organizations co-operated in this project.

During the project implementation a web presentation was created, 40 cultural events took place annually (out of this number 15 events of larger scale). Despite some criticism of the public concerning the cultural quality of events, the portfolio of organized events can be regarded as sufficient. As a reaction on the unstable quality of events, contest to award the best supporting action of the project was organized for the following year, motivating the organizers also financially. The best event, in the sense of *City management* concept and involvement of local businessmen, can be seen in event “Ostrava plays”. This event had a common marketing with connected

retail offers, large attendance, and considerable media coverage in the local press. From the viewpoint of media presentation and attendance, another indisputable success was the winter project of outdoor ice-skating rink, placed on the Jirásek Square, second most prominent square in the city centre.

The already running project was strangled due to delayed reconstruction of Ostrava's central Masaryk Square and other infrastructure projects in the city centre (collector completion). However, the physical renewal of the main square can be regarded as a further continuation of the *City management* concept. Organization of events out of the narrowly defined city centre did not show the expected effects, and this "soft" project had no continuation in following years, also owing to the loss of political support of the local authorities.

The project City Alive! showed for the future possibilities how the city centre development can be helped, although its main activity was on the level of events organization, without the required link to local businesses (and on their important measurable indicators as turnover, etc.). Co-operation on the PPP basis, when the city authority provides besides the financial grant also other support (institutionalized form of communication thanks to the creation of the city manager position, public spaces rentals, continuity of political decisions, etc.), and private companies make use of their assets (know-how, higher flexibility and credibility in negotiations, fundraising skills, quality and target groups oriented marketing) in favour of the common objective, can help to profile the retail structure and consequently also the image of the city centre as an agreeable place for residents and visitors to spend their leisure time.

### **1.5. Integrated City Development Plan (ICDP)**

ICDP is a fundamental development document for large cities<sup>24</sup> when implementing "hard" investment projects which are eligible for funding from EU structural funds. The integrated city development plan builds on long-term strategic documents of the city's government and state government (i.e. Regional development strategy of the Czech Republic). ICDP also incorporates the principle of concentration, as it refers only to a defined territory of the city, or possibly deals only with selected priority topic of the city. In geographic – zone defining – case, it deals with a territory with high

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<sup>24</sup> ICDP implementation is compulsory for cities with more than 50.000 inhabitants, if they want to apply for support for projects dealing with urban policies (22 cities in total); and also for cities with more than 20.000 inhabitants (63 cities together with the first category) if they want to apply for funding allocated for revitalisation (mainly of public spaces and buildings) of socially deprived areas.

growth potential, or on the contrary a locality physically (brownfields) or socially deprived (problematic neighbourhoods – the support is aimed mostly on buildings and public spaces revitalisation). The plan is composed by several individual investment projects following a common objective (Malík 2008). These projects are primarily funded from the Regional Operational Programmes of the individual NUTS 2 cohesion regions. An advantage is in the possibility to support these projects also from other operational programmes implemented in the Czech Republic. Individual projects, included in the ICDP, get a bonus advantage in the process of application assessment for the public support from EU structural funds.

Regarding the practical impacts, which are brought by the existence of ICDPs to the local government, in the form of financial resources for (predominately) investment projects, the process of ICDP creation is methodically managed by the Ministry for Regional Development. Individual ICDPs are thus easily comparable and in contrast to the all-round strategic plans, ICDPs are focused on the real implementation of projects in the defined territory or thematic field. In case of zone-defined ICDPs, the chosen area must follow criteria and indicators established by the Ministry for Regional Development, for the zone with high growth potential these include e.g. significant exercise of service and administrative functions in the zone, high concentration of educational activities, etc. Cities are responsible for the ICDP preparation and implementation. Cities coordinate individual projects in the framework of the ICDP (projects can be prepared by different entities) and thus get an opportunity to participate actively on its territorial development. In the framework of this paper, one example of ICDP implemented in Ostrava is briefly analyzed.

## 1.6. ICDP Ostrava

Integrated city development plan with the marketing title *Ostrava - magnet of the region* was elaborated in 2008, and in the framework of the priority axis of the Regional Operational Programme of the Moravian-Silesian Region, funds in total amount of circa 1.6 billion CZK<sup>25</sup> (61.5 million EUR) were allocated (more than 50% of total funds allocated for this priority axis of the programme<sup>26</sup>). Period of validity of this ICDP follows the programming period of the EU (i.e. until 2013, or 2015 respectively). Based on the executed analysis and a questionnaire survey among the city inhabitants, the zone concept of the ICDP was chosen, while the city centre became the

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<sup>25</sup> The supposed allocation of funds for this measure and activities implemented in the framework of the ICDP is until 2014 circa 2.8 billion CZK (107 million EUR).

<sup>26</sup> In the Moravian-Silesian region, 5 statutory cities were entitled to apply for funds from this axis.

supported territory as a locality with the highest growth potential. The city centre is delimited by parts of three city districts (Moravská Ostrava a Přívoz, Vítkovice, Slezská Ostrava), covering area of 2355 hectares, i.e. 11% of the city area. It is thus more loosely defined than in some other works (i.e. Slach, Boruta 2006). Figure 2 shows the location of city centre with boundaries of ICDP's zone and housing areas in the west and south part of the city. In the defined area live 7,2% of the city's inhabitants.

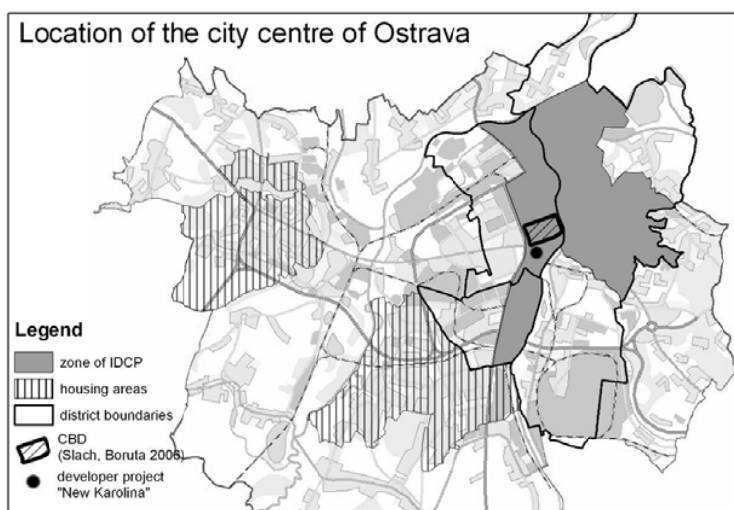


Fig. 2. Location of the city centre of Ostrava

Ryc. 2. Położenie centrum Ostrawy

Source: Rumpel, Slach, Boruta 2009

Projects implemented in the framework of the ICDP can only partially solve the already mentioned problematic housing/urban structure of the city, in which free or deprived spaces (industrial brownfields) are located between the two independent housing sectors (in the West and South) of the city, and the city centre itself. Strengthening the relationship of the city centre to the southern housing zone seems to be promising, especially in connection with the development project of Nová Karolina<sup>27</sup> and prospective revitalization of the city district Vítkovice. The city district Vítkovice was, and still remains, an industrial core of the inner city and a large number of technical sights<sup>28</sup>

<sup>27</sup>Ostrava's Karolina site, only 500 m from the urban core, was once a heavy industrial sector dominated by a huge carbonization plant. Over an area of more than 30 ha a compact urban development will arise in four stages between 2010 and 2016 (Rumpel et al. 2009).

<sup>28</sup>There are 28 technical sights protected by law located in the ICDP zone, out of the total number of 39 sights on the whole city territory.



and urbanistically valuable administrative-housing complexes protected by law are located on its territory. On the other hand, it is also an area significantly struck by social exclusion of inhabitants with high rate of social, functional and physical deprivation.

The development programs of ICDPs indicate that even in the framework of the whole Czech Republic, the importance of city centres starts to be accentuated, which is a positive change in comparison with the past. City centres of developed regions of the world are becoming key areas for the stimulation of economic growth and increasing quality of life (Florida 2002). Significance of the ICDP itself for the city development can be assessed only on basis of implementation of particular projects. In this phase, only an indicative list of suitable projects in the framework of selected activities is available. Meaningfulness of the development priorities setup in the direction of support for city centre attractiveness is doubtless. ICDP Ostrava is markedly oriented on the physical infrastructure transformation and neglects e.g. the role of retail businesses and other soft forms of city centres development. Number of projects provokes doubts if these projects are not going to be implemented only for the reason that financial resources for their funding are currently available, and that projects aiming at fundamental and long-term problems will not thus be funded. Another problematic point lays in certain spatial isolation of projects, which can paradoxically lead to even stronger social, functional and physical fragmentation of the urban centre space. In the document, only a limited attention is paid to integral interconnection of projects and their potential impact. In spite of the above stated critique, ICDP is certainly a positive step for the future.

### 1.7. Conclusion

Common assessment of both above mentioned projects has its limits, mainly due to the time factor – one initiative was already finished (Centre Alive!), while the other (ICDP) has not been actually started. Besides the time perspective, another difference is in the initiation level of these projects. While the Centre Alive! project was more a bottom-up initiative, ICDP is a typical example of a top-down initiative. A common denominator of both projects is in fact only the territory, as ICDP is a typical project focused on “hard” infrastructure, the Centre Alive! was more an attempt of a *City management*, i.e. creating a “soft” communication infrastructure. In our opinion, a markedly more professional “resuscitation” of the “soft” bottom-up project Centre Alive! in conjunction with the “hard” top-down project ICDP could form a solid base for the creation of the real competitive city centre of Ostrava.

## Abstract

### **Rozwój centrum Ostrawy a problemy zarządzania miastem**

Artykuł zajmuje się rozwojem centralnej części miasta Ostrawy w kontekście zastosowania idei *City Management*. Centra miast są wszędzie konfrontowane z coraz liczniej powstającymi dużymi ośrodkami handlowymi poza terenami zwartej zabudowy w ostrej walce konkurencyjnej o utrzymanie swojej siły nabywczej, atrakcyjności inwestycji i ogólnego wizerunku. Ostrawa jest typowym miastem przemysłowym, gdzie problemy są zwielokrotnione poprzez specyficzną strukturę zabudowy. W pierwszej części artykułu przedstawiona jest idea *City Management* oraz jej organizacyjne, instytucjonalne i ekonomiczne aspekty. Główna część artykułu koncentruje się na analizie dwu z zasady diametralnie różnych projektów, które powinny mieć i mają na celu poprawę atrakcyjności centrum miasta Ostrawy.