

Appendix: Hasselt's Financial Construction

The history of the financial context of Hasselt's mobility policy begins with a negative superlative. The debt per capita increased from BEF 38,000 (U.S. \$1,021) in 1988 to BEF 55,000 (U.S. \$1,478) in 1993 (Stevaert according to Martens, Thuwis, & Gybels, 1994, p. 16). In 1994, "Hasselt was the city with the highest debt," (Stevaert, cited in Jacobs, Stas, Thuwis, & van Luyk, 1997, p. 1), which continued to grow to BEF 4,2 billion (U.S. \$113 million) in 1995. In the same year, 32 % of the city budget had to be spent on debt service (Jacobs, 1995, December 28, p. 1), which put Hasselt in the worst ranking among all Belgian cities. Stevaert considered this situation not only unsustainable but also unnecessary in times of low interest rates (Jacobs, 1995, December 28, p. 1). Therefore, he launched an ambitious debt conversion strategy shortly after his election. In 1995, the city paid back BEF 330 million (U.S. \$8.9 million) of debt with the highest interest rates of up to 10.28 % (Ibid). This was made possible through a two-step strategy: The city raised BEF 160 million (U.S. \$ 4.3 million) in new loans with low interest rates of around 4.74 % (Jacobs, 1995, December 28, p. 1). At the same time, real estate taxes were raised by 34 % (Rutten & Gybels, 1995, March 2, p. 11) with the promise attached to bring the old rates back as soon as the financial valley was passed (Rutten, 1995, March 9, p. 13). This measure procured BEF 180 million (U.S. \$4.8 million) for the city budget (Rutten & Gybels, 1995, March 2, p. 11) and was justified by the alderman for finances of the city, Reynders, with a strong emphasis on the long-term advantages (Rutten, 1995, March 9, p. 13). This plan was intended to get Hasselt "out of the red danger zone within three years, to [have] a balanced budget by the year 2000, [and to create] a reserve fund of 60 million (U.S. \$1.6 million)" (Reynders cited in Rutten & Gybels, 1995, March 2, p. 11).

In 1996, the real estate tax was reduced by 13 % (Stas, 1995, p. 13) and a survey among 453 Hasselters found that 60 % approved of the financial policy of the SP government (Jacobs, 1996, November 26, p. 11). A year later the city announced that real estate taxes would be lowered to below their level during election year 1994 (Jacobs, 1997, May 29, p. 20). Stevaert proclaimed, "We reduced the debt by BEF 650 million

(U.S. \$17.5 million). ... A policy that has hurt, but mostly the banks. ... Due to this policy, we gained leeway for new social and ecological projects" (cited in Jacobs, Stas, Thuwis, & van Luyk, 1997, p. 1).

These developments in Hasselt were accompanied by parallel changes on higher political levels. In 1995, the Flemish elections produced a Social-Democratic state government, with Eddy Baldewijns serving as the new Minister for Transportation. Two members of his team remembered the summer of 1995, when they sat together with their colleagues "over a few beers" (Lieben-Claes, interview 06-29-2000) and brainstormed a completely new mobility policy. The result was—certainly with many steps in between—the so-called Mobiliteitsconvenant (mobility contract), which was adopted by the Flemish government in April 1996. The goal of this political device was "sustainable mobility" (Mulders, interview 06-30-2000) and more concretely, a "shift from car-traffic to public transport and bicycle-traffic" (Proesmans & Nelis, 1997, p. 13). For this purpose, the authors of the Mobiliteitsconvenant stipulated, the state government, the communities, and the public transport company De Lijn would have to enter into a locally-specific "partnership" (Lieben-Claes, interview 06-29-2000; Sourbron, 1996, p. 2). In this new role, the Flemish community would support mobility related efforts of communities only under the condition that the latter could present a strategic and long-term oriented mobility plan that included at least a business-as-usual scenario and a trend-breaking scenario. The Flemish community assigned BEF 360 million (U.S. \$9.7 million) for the implementation of the Mobiliteitsconvenant in June 1996 and earmarked another BEF 2 billion (U.S. \$54 million) for this purpose from the general traffic-infrastructure budget, which totaled BEF 9.1 billion (U.S. \$254 million) (Belga, 1996, p. 3). Three communities, Hasselt not among them, signed the first mobiliteitsconvenants in August 1996 (Standaert, 1996, p. 13); the city of Hasselt followed with its own version in December 1996 (Verdee, n.d., p. 17). The idea proliferated quickly; five and a half years after the introduction of the mobiliteitsconvenant, "80 % of the communities [in Limburg] have a [mobility] plan" (Bormans, interview 11-26-2001).

The chronology of events presented above and in section 6.7 makes it clear that the emergence of the mobiliteitsconvenant in April 1996 did not trigger the bold planning

efforts in Hasselt, which started—or were re-launched—in early 1995. Moerkerk remembers "when we were making the mobility covenant ... we had difficulties because ... we had to make a trend-breaking scenario [but] we were already busy with these rather inventive things for public transport, and ecology and so on. That was already more than trend" (interview 11-27-2001). Nevertheless, Bormans admits, "the mobiliteitsconvenant was a very good opportunity" to get financial support for the big projects (interview 11-26-2001).

The cumulated amount spent on the reconstruction of the physical infrastructure in Hasselt is estimated to be "one billion frank" (U.S. \$26.9 million) (Cloostermans, 1995, p. 14). This sum includes 211 million (U.S. \$5.7 million) for the remodeling of the area around the train/bus station, which was largely funded by De Lijn, the Flemish community, and to 30 % by the Europees Fonds voor Regionale Ontwikkeling (EFRO, European Fund for Regional Development), a special fund of the European Union established to support regions with lower-than-average economic performance.¹⁴² Around BEF 298 million (U.S. \$8 million), was spent on the renovation of the decrepit sewage system beneath the inner-ring road. Around three fourths of these costs were covered by the Flemish community, and much of the rest by the European Union, which declared the project eligible for additional funds due to its innovative approach to separating rain water and black water. A fortunate effect of this constellation was that it also helped to pay for the redesign of the inner ring because its streets already had to be taken apart and repaved for the sewage renovation.

The construction of the Green Boulevard itself cost BEF 433 million (U.S. \$11.6 million) and was executed in three phases between 1997 and 1999. According to Hasselt's Mobiliteitsconvenant, the expenses were shared according to the following scheme: The Flemish community covered all expenses related to individual motorized traffic, such as streets, the installation of "30 km/h zones," and streetlamps. De Lijn paid for bus-related infrastructure, most notably for the remodeling and installation of bus stops, the bus lane on the southwestern stretch of the inner ring, bus bays, and the like.

¹⁴² Most parts of Limburg were eligible for this fund because the whole region was affected by the closure of coalmines in the late 1980s

The expenses for various studies, green space, pedestrian zones, sidewalks, benches, illumination along the strolling lane, etc. had to be covered by the City of Hasselt. The burden for the city was eased with money from two funds of the European Union, RIO and EFRO. In quantitative terms, the financial burden was distributed as shown in Table app.1.

Share	Phase 1		Phase 2		Phase 3	
	U.S. \$	%	U.S. \$	%	U.S. \$	%
Total	2,389,954		4,909,916		4,330,675	
Flemish Community	1,226,251	51.31	2,214,669	45.11	1,459,225	33.70
De Lijn	0		48,831	0.99	177,812	4.11
City of Hasselt (total)	1,163,702	48.68	2,646,418	53.90	2,693,638	62.20
Support for city expenses through EFRO (EU)	407,296		1,002,861		1,018,042	
Support for city expenses through RIO (EU)	117,690		488,892		594,128	
Remaining net expenses for the city	638,717	26.73	1,154,665	23.91	1,081,468	24.97

Source: Verdee, n.d., p. 32a

A third European fund, Thermie, was tapped for BEF 38 million (U.S. \$1 million) to finance the electronic parking information system and the remote-controlled system that gives buses priority at traffic lights.

Stevaert interpreted the massive support from the Flemish community as a correction of previous disregard of Hasselt in the Flemish budget. "While Flemish communities on average could expect 18 % in subsidies, the number for Hasselt used to

be merely 9 %" (cited in Rutten, 1995, October 19, p. 14). Another rationale for the Flemish government to support the reconstruction of the inner ring was the goal to eventually transfer the responsibility for its maintenance from Flanders to the city of Hasselt. From the perspective of the Flemish government, this goal seemed more realistic if the inner ring was furnished with a gift ribbon (Moerkerk, interview 11-27-2001). So far, however, the city had succeeded to adjourn this topic, meaning that the Flemish community is still responsible for the inner ring.

The decision to make public transportation free to the public is the result of the widest possible interpretation of a passage in the Flemish mobiliteitsconvenant. It stipulates that a fraction of the overall cost of public transport would need to be paid by the passengers, while the Flemish community would come up with the rest. In Hasselt, the sale of bus tickets used to cover merely 9 % of overall expenses. The Flemish community agreed to continue to cover the remaining 91 % if this number would be reduced to the state average of 75 % by the year 2000. This constellation is said to have triggered an idea by Stevaert: He "simply calculated how much it would be if the city took over the whole 20-25 % of the passengers' [cost]" (Mulders, interview 06-30-2000). Eventually this idea was adopted by the Flemish community, De Lijn, and the city council of Hasselt, which led to the financial implications shown in Table app.2.

The amount the city spent in 1997 for the free buses equals "1 frank [U.S. \$0.027] per day per citizen of Hasselt" (Stevaert, cited in Jacobs, 1997, June 25, p. 14); Quintiens contextualizes the BEF 25.5 million spent in 1998 as "0.85 % of the city's annual budget" (n.d., p. 4). In comparison, the cultural center of the city received BEF 60 million (U.S. \$1.6 million) in 1996 from the city budget (60 miljoen, 1995, p. 13). Another publication suggests to "compare the expense for free public transport to the huge cost of the infrastructure put in place on behalf of motorists" (Mobility with an eye, 1998?, p. 7). Stevaert argues along these same lines that "nobody asks me how we would have paid for the construction of a third ring road or what costs the victims of traffic accidents generate in terms of social harm and health care" (cited in Jacobs, Stas, Thuwis, & van Luyk, 1997, p. 1). In addition, he recalls a savings of BEF 70 million (U.S. \$ 1.9 million) per

year due to the city's debt conversion strategy (cited in Jacobs, Stas, Thuwis, & van Luyk, 1997, p. 1).

Table app.2. Expenses paid by the city of Hasselt and by the Flemish community for free public transportation (regional & city bus services)					
	Expenses for the City of Hasselt		Percentage covered by the city	Expenses for the Flemish Community	
	BEF	U.S. \$	Percent	BEF	U.S. \$
1997 (Jul-Dec)	11,068,401	297,523	9 %	122,982,230	3,305,812
1998	25,457,846	684,317	12 %	212,148,720	5,702,642
1999	30,823,383	828,545	17 %	181,314,020	4,873,793
2000	*31,580,033	848,884	19 %	166,210,700	4,467,810
2001	35,249,017	947,508	25 %	140,996,070	3,790,031

Source: *Mobility with an eye*, 1998?, p. 7, and calculations by the author.

* Another publication reports "an estimated BEF 40 million (U.S. \$ 1.075 million) in 2000" will have to be paid by the city (Council of European Municipalities and Regions, 1998, p. 5).