Development of railway construction in Poland

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General
It is now four years since the Board of PORR AG, after thorough analysis of the Polish railway construction market, decided to extend the activities of the group in Poland also to this segment.

This strategic decision was based at the time on the following aspects:

- Excellent economic climate in Poland’s construction industry as a whole
- Poland is the hub of the East-West rail traffic and has one of the longest railway networks in Europe at 19,300 km (in comparison to Austria: 5,800 km)
- A number of routes are in a dilapidated state and have to be modernised over the next few years, for which approx. € 1.2 billion is to be invested annually.

Continual presence in the country is essential for a successful entry into a new market, and local activities were therefore initiated in April 2010. True to the motto “Know your customer, know your market”, the first few months involved the intensive analysis of the market and the development of customer and potential partner contacts.

After only three months, we were able to take part in tenders by the PKP PLK (network operator of the Polish Railways), whereby it was not necessarily the pricing which proved to be the greater challenge, but rather the sourcing and compilation of all the documentation required by the contracting authority.

The results of the first submissions showed that we can compete in terms of price levels and are on the right track. Still, it took a total of one and a half years until we were able to land the first order. This was achieved on 6th October 2011, when PORR signed its first railway construction contract in Poland (order value approx. € 3 million).

Modernisation of the Kostrzyn stretch on the Oder – Namyślin

We were commissioned with the modernisation of a 7.3 km section of track between Kostrzyn on the Oder and Namyślin on the rail line 273 Wroclaw (Breslau) – Szczecin (Stettin). The complete surface construction and parts of the overhead lines had to be replaced in less than two months. By the use of the most modern rail construction machinery (partly provided by the German DB), round-the-clock working and the outstanding commitment of the construction management personnel, all work was completed on schedule, to the required quality and to the complete satisfaction of the client on 30th November 2011.

Stargard Szczeciński Station

Only a short time later, we were able to celebrate the next successful acquisition: on 27.10.11, again from the PKP PLK Szczecin, we received the order for the renovation of 1,600 m of rails and two points on the Line 202 in the Stargard Szczeciński Station in north-western Poland (order value € 1 million). Work on this construction site also had to begin immediately, since contractual completion was planned for 30th December 2011. The greatest challenges for us in this phase were the short-term organisation of two construction sites working in parallel, and in particular the recruiting of personnel, machinery disposition, material purchasing and the identification of reliable sub-contractors. A special feature on this construction site was the first use of PORR rail construction equipment in Poland, although the approval procedures proved to be not quite so simple. The start was made on 10th December 2011, when the UNIMAT 09-32/4S Dynamic rail and points tamping machine and the USP 2010 SWS ballast levelling machine were put to work at the Stargard Szczeciński Station. Since we also had good luck with the weather, the successful final acceptance of the work, including on the second construction site, took place on 27th December 2011.
Łódź – Renovation of railway line 540

In addition to the completion of the ongoing construction sites, acquisition could not be neglected, and we managed to take another first place with a submission which took place on 5th December 2011. In the major city of Łódź, 5,100 m of a closed track, including the overhead power lines, of Line 540 were to be renovated (order value approx. € 3.8 million).

Since the competition was this time unwilling to accept the intended award of the contract to us, and made difficulties in the form of objections to the Awards Committee, which we were however able to overcome successfully, the placement of the order was delayed. The construction contract was finally signed on 23rd March 2012. We had five months for the realisation of the project, which was of the “design and build” type. The completion date was met without any problem.

Modernisation of rail Line No. 18 between Toruń and Bydgoszcz

On 2nd August 2012, PORR (POLSKA) S.A. signed what was for us the largest and most prestigious project to date with the PKP PLK, in the presence of the Polish Railway Infrastructure Minister and the President of the “Wojewodschaft Kujawsko-Pomorskie”. We were commissioned with the modernisation of the double-track, electrified railway line No. 18 between the towns of Toruń and Bydgoszcz, at a contract price of approx. € 40 million.

For this project, of the “design and build” type (Fidic yellow book), we have until April 2014 to renovate 95 km of rail and 54 points, modernise 18 railway crossings and modify signal systems and the overhead lines. The work is proceeding according to plan, and will be completed on schedule.
Renovation of the stretch Zielona Góra – Czerwieńsk
In the year 2012, we succeeded in acquiring a further order. On the Zielona Góra – Czerwieńsk section of Line 273, from September – November, we replaced 11.5 km of rail and modernised five railway crossings, and reconstructed one railway platform (order value approx. € 5 million).

Modernisation of Line 132 Opole – Blotnica Strzelecka
The year 2013 began for us with another great success. On 28th January, our submission won a tender by the PKP PLK in Wrocław (Breslau) (submission value: approx. € 43.5 million). After several weeks of nervous waiting, during which the tender documents were intensively reviewed by the client, and additions or explanations requested, we received the welcome news on 5th March of the intended award of the order to PORR (POLSKA) S.A. This time there were no objections from competitors, and so we were able to sign the construction contract on 10th May at the head office of the PKP PLK in Warsaw. We have 19 months available for the realisation of the project (design and build). During this time, a total of 70 km of track, 40 points and the complete overhead line system including foundations are to be replaced on the 35 km long section: Opole – Blotnica Strzelecka of Line 132 Wrocław (Breslau) – Gliwice (Gleiwitz). The contract also includes the modernisation of the control and safety equipment, the new construction of 10 platforms and the repair of several engineering works and railway crossings. After the first weeks of intensive preparation and the planning phase, we began work on the construction site on 20th July. Approx. 30 % of the construction work will be completed by the end of 2013.

Further projects in the year 2013
In the year 2013, PORR (POLSKA) was able to complete three further orders:
On 26th March we were awarded the order for the renovation of 11.5 km of track and 11 points on the Line 131, Poddębie – Kludna section (central Poland). The work was completed in October (order value approx. € 4.8 million).

This was followed by a further order on 25th April on Line 273 in western Poland. At the stations of Godków and Kowalów, rail and control and safety systems are to be renovated, and a railway overpass repaired by the end of November, at a cost of approx. € 3 million.

On 20th August, we were commissioned with the repair work on Line 351 Poznań (Posen) – Szczecin (Stettin). In this case, the sleepers have to be replaced, the bedding cleaned and the ballast refilled on three sections with a total length of 36 km by 6th December (order value approx. € 7.8 million).

After € 4 million in the year 2011 and € 15 million in the year 2012, the total turnover for railway construction in Poland will amount to approx. € 60 million in the year 2013.

Outlook
The order book for next year also looks very healthy, since on 20th September we won the tender for the modernisation
of Line 272 Katowice (Kattowitz) – Poznań (Posen), Kluczbork – Ostrzeszów section, to the value of approx. € 49 million. We expect the order for this project to be received by the end of November.

The personnel numbers have also increased in line with the turnover figures. Started in April as a one-man team, the railway Construction Department of PORR (POLSKA) S.A. comprised a staff of three by the end of 2011, increasing to 12 by the end of 2012. We have strengthened the team once again this year, which currently numbers over 30 dedicated employees, who have made a major contribution to this positive development of railway construction in Poland.