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Luther advises transport company Mittelhessen (TM) in settlement with the City of Bad Homburg and the public utility Oberursel

The transport company's settlement with the City of Bad Homburg v.d.H. and the public utility Oberursel allows the continued operation of city bus transport in both cities until 31 December 2015 and regulates disputed matters regarding contractual penalties and remuneration. The transport company was advised by Luther Rechtsanwaltsgesellschaft in the search for an economically sustainable solution for the conflict.

Frankfurt – The transport company's continued operation of city bus transport in Bad Homburg v.d. Höhe and Oberursel is guaranteed for the rest of the year. This specifically affects school bus as well as public bus transport, which is very important for local retailers on high-traffic Saturdays during Advent. Both parties simultaneously agreed on the final amount for the contractual penalties to be borne by the transport company as well as other matters with regard to remuneration.

The transport company Mittelhessen had terminated the agreement with the City of Bad Homburg and the public utility Oberursel on 19 November with immediate effect for good cause. After both parties initially reached an interim agreement regarding city bus transport until the end of November, the parties continued to negotiate operations for December, which has now also resulted in a compromise.

The legal team around the partners Andrea Metz and Matthias Götz in Frankfurt is responsible for advising the transport company. "The negotiations were very complex: this business is subject to high cost

pressure. In particular the high contractual penalties for trips that were not performed, which occurs in this industry due the frequent illnesses and the shortage of bus drivers available on the market, can have a significant effect on operating companies," explains Matthias Götz. "Luckily we were able to persuade our client's contractual partners that the initially requested contractual penalties were not reasonable in this particular situation. Luckily, both sides were willing to compromise and reached a pragmatic solution in light of the significance of continued public transportation," added Andrea Metz.

The settlement must be seen in light of the overall difficult situation for the municipal customer as well as the transport operators. Bus transport hardly allows an economically efficient operation because, pursuant to the legal situation, cities and associations must outsource the respective contracts to the lowest bidder. "Scheduled changes to the legal situation give hope, as in the future other qualitative criteria are to be included in the contract process," explains Matthias Götz, Solicitor.

The dispute and the worry about continued city bus transport had gained a high level of exposure in the region.

For the transport company Mittelhessen (TM)

Luther, Mergers & Acquisitions: Andrea Metz, LL.M., (Partner), Matthias Götz (Partner) (both leading), Dr Jan Saalfrank, LL.M. (all in Frankfurt)

Luther, Public procurement law: Dr Rut Herten-Koch, M.A. (Partner, Berlin)

Luther, Commercial and distribution law: Benjamin Schwenker (Dusseldorf)

Brief Profile Luther

Luther is a leading German commercial law firm that offers comprehensive legal and tax services. The full-service law firm employs over 350 lawyers and tax advisors and is represented at 10 German economic centres and at important investment locations and financial centres in Europe and Asia with international offices in Brussels, London, Luxembourg, Shanghai, Singapore and Yangon. Our clients are medium-sized enterprises and large corporations, as well as the public sector.

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Luther Rechtsanwaltsgesellschaft mbH is a law firm with a business approach: our innovative awareness aspires us to provide our clients with customised legal advice that addresses individual needs and delivers the greatest possible economic benefit. Our lawyers and tax advisors have a solid understanding of interdisciplinary matters and a wealth of experience in collaborating on complex tasks. Further information is available at: www.luther-lawfirm.com

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