

APPENDIX 2

Shannon Airport Terminal Development

1. Summary

In its Draft Determination on the maximum level of airport charges, CP6/2001, the Commission for Aviation Regulation adjusted downwards the value of the recent Shannon Airport Terminal Development by IRE7,242,000. No basis whatever is set out in CP6/2001 for this adjustment.

Aer Rianta is concerned that it does not have enough information/clarification from the Commission to understand this adjustment and that this paper may therefore not deal effectively with the matter. In the absence of this further information/clarification requested, Aer Rianta is setting out in this paper the case for the Shannon Airport terminal development project, associated improvements to the road infrastructure and expansion of car parks and to demonstrate that the cost of £28.35m for these assets requires no adjustment as it already reflects good value for this very efficient facility delivered to the necessary standards and the requirements of the users, immigration, customs, IATA standard B, fire and safety and other regulatory authorities.

It is clear from the documentation that the development evolved from a long-term planning process set out in the master plan for Shannon airport and successive reviews of this plan. The development was approved by the Regulator of the time, the Minister for Transport, Energy and Communications, was delivered on a cost efficient basis and within budget. The terminal extension was carefully devised to deliver a product that satisfied the operational requirements and the needs of all users, regulatory and other bodies.

Aer Rianta cannot see any basis for the downward adjustment of £7.242 million i.e. a 26% reduction on the net book value of this asset at 31st December 2000 of £27.5m.

2. Timeline for the Shannon Terminal Project

Late '60,s Early'70's	The Introduction of wide-body aircraft i.e. Boeing 747's, put terminal capacity under stress. Due to a worldwide economic recession during the 70's passenger figures fluctuated resulting in large-scale capital investment being put on hold.
December 1993	Publication of Shannon Airport Master Plan Update 1993 - 2000. Traffic growth forecast to reach 1.79 million. Report advised the construction of a new departures /check-in area to the west of the existing arrivals area.
Jan/Mar 1995	Outline design issued to consultant Quantity Surveyors for development of budget costs.
September 1995	Minister for Transport, Energy and Communications announced approval for expansion of facilities at Shannon at a total cost of £23.5m (See Attachment 1)
October 1996	Consultative Group formed
November 1996	Briefing document issued by Shannon Airport
July 1997	Design team appointed
June 1998	Contract tendered for
August 1998	Works commenced on site
March 2000	Contract completed

3. Stakeholders Consultation and Final Brief Delivery

A consultative group was formed in October 1996 and met every three weeks. (Sample minutes are provided in Attachment 2). This group included the various stakeholders

- Aer Rianta
- Aer Lingus (who accounted for 62% of terminal traffic at the airport at the time)
- Security
- Immigration
- Customs
- Airport Police

Lansdowne Market Research were appointed in 1996 to carry out a comprehensive survey of facility utilization including queuing times at check-in desks and number of check-in desks manned. This information formed the basis of the spatial design for the project which was carried out by expert consultants Halcrow.

The Design Team following its appointment in July 1997 developed the final design. The lead consultants were architects Murray O'Laoire. Design team meetings were held on a fortnightly basis from July 1997 through to the completion of construction in March 2000. Separate meetings were held with various airlines to agree the final design of airline tickets desks, check-in desks and airline offices. Similarly the project team liaised with the car hire companies etc with regard to their specific requirements.

The final briefing document for the project was issued by Shannon Airport in November 1996.

4. Costs

The quantity surveyors and cost control consultants Patterson Kempster and Shorthall developed a full breakdown of the costs of the project following sign off of the final design by Shannon Airport.

The original estimated cost of the project was £23.4m. An additional £5.1m was subsequently attributed towards the inflation increases associated with project costs. Aer Rianta informed the Department of Public Enterprise of this increase in a letter dated 11th June 1998. Therefore the total projected costs of the development amounted to £28.5m, made up of its constituent elements as follows:

<u>Shannon Terminal Project</u>	€IR
Terminal redevelopment	21,944,850
Facilitation/Infrastructural Works	567,220
Roads/car parks	3,953,000
Fees	2,034,930
Total Project Budget	<u>28,500,000</u>

<u>Financial Out-turnout</u>	€IR
Terminal Extension	21,607,666
Roads Infrastructure	3,589,789
Facilitation projects /Fees/ Other	3,154,258
Total Out-turn on Estimate	<u>28,351,713</u>
Cost/sq. m. for terminal construction	2,000

5. Deliverables

Terminal

Total area of new build 10,800 sq.m

New departures terminal consists of a three level structure

- Ground Floor
 - 40 check-in desks
 - 7 airline desks
 - 12 airline offices
 - 6 concession outlets
 - Vertical circulation area
 - Baggage hall
- Mezzanine Floor
 - Restaurant/ kitchens
 - 12 airline offices
 - Bar
 - Staff rooms and toilets
 - New security 'friskem' gate to Transfer Lounge
- Viewing Lounge
 - Located over the general roof area of the new building with a glass corridor linking to the lifts
- Plant rooms are generally situated on the roof of the new building

Arrivals Extension

The existing Arrivals hall was extended towards the front (landside). This allowed the 8 car hire desks to be relocated opposite the customs exit doors. The increase in circulation was required to meet the severe congestion being experienced at peak times. The existing baggage make-up area was reconfigured to accommodate both outgoing and incoming baggage. A tourist bus set-down park with canopy was also provided as part of this element of the project.

Roads Infrastructure

The project included a complete redesign of the existing roads infrastructure. The need was clearly demonstrated by the severe shortage of car parking and a road system which resulted in traffic arriving into a cul de sac at the terminal. The new design doubles the number of car spaces and allows traffic free flow past the Terminal without congestion. The project also delivered

- 2025 public car park spaces
- 30 set down car spaces
- 15 taxi spaces
- 11 spaces for tourist buses

The importance of additional tourist bus and taxi parking spaces was high given the importance of tourism to the west of Ireland.

6. Conclusion

The terminal development and associated road realignment and car parking developments were all necessary, were provided to a specification agreed with all relevant users and in a cost effective manner based on transparent public tendering processes. Aer Rianta's then Regulator - the Minister for Transport, Energy and Communications approved the project and related cost at the time.

Attachment 1

file

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ON BEHALF OF	THAR CEANN
Department of Transport, Energy and Communications Kildare Street, Dublin 2. (01) 6707444 Fax: 6709633 Telex: 90335	An Roinn Iompair, Fuinnimh agus Cumarsáide Sráid Chail Dara, Baile Átha Cliath 2. Tel: (01) 6707444 Facs: 6709633

LOWRY ANNOUNCES £120 MILLION INVESTMENT PROGRAMME IN DUBLIN AND SHANNON AIRPORTS

**£97M TO BE SPENT AT DUBLIN AIRPORT TO CATER FOR TRAFFIC
GROWTH**

£23.5M FOR EXPANSION OF FACILITIES AT SHANNON

Mr Michael Lowry TD, Minister for Transport, Energy and Communications, today unveiled an investment package in Dublin and Shannon airports totalling in excess of £120 million.

This major investment by Aer Rianta, financed from the company's own resources, is directed at ensuring both airports are well positioned to cater for increased traffic growth. The investment will result in major expansion of existing terminal buildings in Dublin and Shannon to cater for growth in passenger numbers into the next Millennium.

DUBLIN

In Dublin, the Minister has approved in principle a carefully modulated plan for the development of the airport over the next five years to the year 2001.

It includes:

- * £32M to be spent on a new passenger handling pier and an airside extension to the Terminal Building to be built over the next two years.

* £65M to be spent on a major extension of the Terminal. Construction will commence towards the end of 1997. The extension will increase the size of the building by 60%.

The Minister said the Aer Rianta investment was required because the existing Terminal facilities, built in 1972, were designed to cater for an annual passenger throughput of 5 million people. Alterations over the years had increased the capacity to 7 million people but last year over 8 million passengers passed through the airport. Passenger traffic is expected to reach 11 million by 2001.

Included in the expansion are plans for new departure lounges, extra baggage handling, customs and immigration, new airbridge check-in desks and commercial and other operational outlets.

The Minister said an important element of Aer Rianta's mission was to continue to provide cost effective airport services so that there would be a minimum cost imposition on the movement of passengers and goods.

The Minister stressed that at his request, Aer Rianta was already implementing measures for new facilities at Dublin Airport designed on a low cost "no frills" basis in consultation with low cost operators. These facilities will be extended in 1997 and can be extended even further should the need arise.

The charge per passenger for the low cost facilities will be cut by 26%, from £7.23 to £5.73 from the beginning of 1997. Current Aer Rianta discounts will be available on this reduced figure. "The average charge per passenger for growth traffic under the overall charges scheme is 96p per return journey," the Minister stated.

The Minister stressed flexibility is a keynote element in the plans. "My Department will be keeping the programme under close continuous review in consultation with Aer Rianta so that plans can be accelerated, decelerated or modified as needs be in the light of traffic and other developments."

"This will provide the opportunity for taking account of traffic trends and of any developments at Dublin Airport which may affect traffic distribution or growth. Possible developments include the Huntstown Airpark proposal which is at present being examined in depth by Fingal County Council, the Irish Aviation Authority and my Department," the Minister stated.

SHANNON

The Minister announced major expansion of the Shannon Passenger Terminal at a total cost of £23.5 million.

The main element is the refurbishment of the existing Arrivals Concourse and a major extension to the Arrivals Building which will house Departures and outgoing baggage and provide an enlarged Arrivals Concourse. A new roadway system will be built in front of the Terminal Building.

The Minister said the Aer Rianta Task Force for Shannon has recommended that the current programme should comprise the first phase of a long term £50 million strategic plan for Shannon.

"I am fully confident that traffic growth at Shannon will justify the second phase of the development programme during the 2001-2006 planning cycle. Traffic growth at Shannon is running well ahead of projections - up by 18% on 1995 for the first half of this year," the Minister said.

The Minister added: "The development programme which I have announced today is no mere sop from the Government to the Mid-West. It is a definite acknowledgement by the Government of the importance of the Airport to the economy of the Mid-West region."

ENDS
2/8/1996

Attachment 2

09:48 FROM: A.R.T.C. TO: 061472699 P.02 05

Shannon Terminal Development
ADAS 9301/2.1/001
Minutes to Consultation Meeting No. 1.1
with Aer Lingus
Held at Board Room, Shannon Airport on
Thursday 10th October 1996 at 10 am

1.0 Attendance: Gerry McCormack - Manager Passenger Services, Aer Lingus
John Lawlor - Duty Manager, Aer Lingus
Paddy Glynn - Manager Line Services, Aer Lingus
Sheilagh Graham - Manager Personal/Admin. Aer Lingus
Chris Nash - Station Manager, Aer Lingus
Conor Sheehan - SRS Ops.
Harry Howes - SRS Aviation
Tom Liddy - Co-ordinator, Aer Rianta, Shannon
John Reidy - Ops. Manager, Aer Rianta Shannon
Angela Tunney - Aer Rianta Technical Consultants

<u>Item</u>	<u>Description</u>	<u>Action</u>
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- 2.0 The purpose of the meeting was:
1. To explain the Proposed Terminal Development at Shannon.
 2. To explain consultation process.
 3. To take initial comments on proposals to date.
 4. To issue drawings for comment by agreed date within next 10 days.
- 3.0 Scheme to date summarised with Drawings:
ADAS 9301/23/1,
Extract from ADAS 9301/019/1, ADAS 9301/018/0
ADAs 9301/24/1, ADAS 9301/025/1.
- 4.0 Consultation process to be complete within 3 months,
with 3 opportunities to comment - 1) initial (today),
and comments within 10 days, 2) draft, and 3)
final
- 5.0 The following initial queries/comments were made:

Departures Hall

1. Designed capacity to be confirmed by ARTC as number of desks in main bank of desks is 36, the same number as is present in Departures Area (there are 8 additional desks at side of hall).

ARTC

FROM A.R.T.C.

TO

061472699 P.04-05

061472699 P.03-05

	<u>Description</u>	<u>Action</u>
2.	Comparison between present and proposed queue lengths requested.	ARTC
3.	In order to avoid backtracking along queues after check-in, it is suggested that a barrier system is put in place between end of queue and check-in desk allowing checked in persons to continue towards departures gate without encountering congestion, i.e. clear 'return aisles' designated.	ARTC
4.	Route for passengers from check-in to departures gate should be clearly designated signposted.	ARTC
5.	Lifts: To be large enough to take electronically propelled wheelchair.	ARTC
6.	Access to Coach Park from West end of Terminal to be considered.	ARTC
6.	<u>Check-in desks and offices</u>	
6.1	Larger scale details of check-in desks requested.	ARTC
6.2	Access for personnel from desks preferably from front.	ARTC
6.3	Access between back offices and desks to be confirmed.	
6.4	Confirmed that all design will comply with all Health & Safety at work regulations, i.e. no walking over conveyor belts for access.	ARTC
6.5	Number of access points between departures hall and baggage hall will be limited and will be swipe card access type.	
6.6	Airside/landside boundary location to be decided, i.e. baggage hall may be landside.	ARTC
6.7	All aspects of project will meet with fire requirements.	ARTC
6.8	View out of offices by supervisors is required.	
6.9	Aer Lingus to provide their requirements for check-in desks.	AL
6.10	Staff airside access to baggage hall will be either from side of baggage hall or through middle of departures desks.	ARTC
6.11	Size of offices required by AL behind departures desk to be confirmed.	AL

Description

Action

to March 2000 (Civil Contract will commence March 1997).

The following drawings were issued:
ADAS 9301/023/1
Extract from ADAS 9301/019/1, ADAS 9301 018/0,
ADAS 9301/024/1, ADAS 9301/025/1.

14. Consultation Process:
Agreed that all Aer Lingus comments should be returned to Tom Liddy within 10 days.
These will be considered and revised proposals presented for further comment approx. 10 days later (date dependent on consultation with other groups). AL
ARTC
15. Next Consultation Meeting to be arranged for approx. 3 weeks time. ARTC/
SNN/AL
16. Circulation:
All present
Chunji (ARTC Eng.)
Liam Gaffney (ARTC Eng.)
David Hepburn (ARTC D.G.)
Tony Kelly (ARTC)

Signed: Angela Tunney
Angela Tunney

Date: 16.10.96
16th October, 1996