

## **Addendum 6 to Section 3 (July 2018)**

### **1. Background**

- 1.1 The island of St Helena, an Overseas Territory of the United Kingdom is of volcanic origin and covers 47 square miles in the South Atlantic Ocean. St Helena is over 4,000 miles from the UK, 700 miles southeast of Ascension Island, and 1,700 miles from Cape Town. The island's total resident population at end March 2018 was 4,628, which represents a notable reverse in population decline since a peak in the late 1980s.
- 1.2 St Helena now has a certified, operational airport. The commercial air service provider, SA Airlink, has provided a scheduled weekly service between Johannesburg and St Helena since 14 October 2017 using its Embraer E-190 aircraft. The air service is the only regular mode of access to the island since the Royal Mail Ship (RMS) St Helena ceased its service to the island in February 2018.
- 1.3 In March 2005, following a feasibility study carried out by Atkins, DFID Ministers approved development of air access to St Helena based on the construction of an airport capable of supporting flights by a Boeing 737-800 or similar aircraft to a recognised international hub, expected to be Johannesburg or Cape Town, and the introduction of scheduled flights.
- 1.4 Tenders were sought in May 2007. From a shortlist of four pre-qualified consortia, tenders were received from Basil Read (Pty) Ltd and Impregilo S.p.A. Following a period of competitive negotiations, SHG and DFID entered into final negotiations with the preferred bidder, Impregilo S.p.A. in October 2008.
- 1.5 In December 2008, in light of a significantly changed economic climate and a threefold increase in the estimated cost of the project from the 2005 feasibility estimate, DFID Ministers imposed a pause in the negotiations.
- 1.6 A study was subsequently carried out by Atkins to examine the potential for reducing capital costs through the adoption of an Engineered Material Arrestor System (EMAS) at one end of the runway, and through re-assessing the required Landing Distance Available and Take-Off Runway Available in light of recent developments in medium-sized aircraft.
- 1.7 On 22 July 2010, the Secretary of State for International Development confirmed the intention to proceed with the St Helena airport, subject to a number of conditions. These conditions included approval of the use of EMAS by the regulator (Condition 1), negotiation of significant reductions in the construction cost to reflect savings arising from the use of EMAS and modified runway length (Condition 2), changes to the allocation of risk between DFID/SHG and the contractor, particularly in the area of inflation over the construction period (Condition 3), and a requirement that SHG undertake to implement the reforms needed to open the island's economy to inward investment and increased tourism (Condition 4).
- 1.8 In October 2010, DFID issued a press notice announcing its intention in the first instance to resume negotiations with Impregilo S.p.A. and Basil Read (Pty) Ltd or, if this fails to deliver an acceptable DBO contract for the airport, to issue a new tender notice.
- 1.9 Separate tenders have been issued for a Fuel Management Contractor (FMC) to manage new fuel facilities in Rupert's Valley and at the airport site, and for an Air Service Provider to establish scheduled flights to the island.

- 1.10 In 2011, the Secretary of State approved the project business case and start of negotiations with Basil Read (Pty) Ltd (Impregilo S.p.A. did not resubmit tender). Atkins then undertook the independent certification of Basil Read's airport designs, as a safeguard to ensure designs were acceptable.
- 1.11 In April 2016, the official opening of the airport was postponed by SHG due to reports of wind shear experienced during test flights. A process began to certify the airport, improve understanding of the wind conditions at the airport and tender for an air service provider capable of successfully running a regular air service to the airport given the wind conditions.
- 1.12 Sound management structures and clear working practices have been and continue to be essential to successful implementation of the project, and to parallel socio-economic development on St Helena to maximise the benefits that air access offers. Dedicated teams have been put in place to help ensure timely and efficient delivery of the project. Each will work to terms of reference with clearly defined roles and responsibilities, these are summarised below:
- DFID St Helena Airport Team – Based in London and in East Kilbride, and responsible to DFID senior management for the use of DFID funds; planning, guiding, providing overall management, administering the main inputs to the project, and monitoring project outputs. Also acts as the functional link between the project, SHG and other key stakeholders, facilitating actions required to ensure that the project and socio-economic development are taken forward. DFID is also present on St Helena by a resident representative.
  - Project Management Unit – on the ground management of the access component of the project, reporting to, and working with, the DFID St Helena Airport Team, SHG and the Contractor to help ensure timely completion of the project and links with wider development.
- 1.13 These terms of reference set out the requirements for a suitably qualified supplier to undertake the role of the Project Management Unit.

## **2. Objective (updated for Amendment 6)**

- 2.1 The objective of the consultancy is effective management and construction supervision of the DBO contract, and coordination with the bulk fuel supplier.

## **3. Recipient**

- 3.1 The recipients of the services are SHG and DFID.

## **4. Scope of Work**

- 4.1 During the detailed design and construction phase, the PMU will provide day-to-day management of the Contractor's delivery of their obligations, identifying the need for and facilitating inputs from the DFID St Helena Airport Team for effective, efficient and timely completion of the project.
- 4.2 The PMU will be responsible for monitoring progress against the airport workplan, providing regular project progress and risks and issue reports, to be agreed but including and not limited to:

- Facilitation of the necessary planning approvals
  - Construction of supporting infrastructure (wharf, permanent access road, bulk fuel facilities, water supplies, etc.)
- 4.3 The PMU will assume responsibilities of the Engineer as defined under the FIDIC Conditions of Contract for Plant and Design-Build for Electrical and Mechanical Plant, and for Building and Engineering Works, Design by the Contractor – 1999 as amended by the particular conditions. Particular conditions of contract for Phase 1 (Design and Build) and Phase 2 (Operations) are provided as Annex B. The responsibilities of the Engineer will be delivered by PMU in respect of the Design and Build Phase only.
- 4.4 The PMU will also assume the responsibilities of the CDM Co-Ordinator under the Construction (Design and Management) Regulations 2007 (CDM). For the purpose of implementing the CDM Regulations, the Employer is the “Client”, and the PMU Manager is responsible for appointing the CDM Co-Ordinator from within the PMU staff.
- 4.5 Not used.
- 4.6 Not used.
- 4.7 The PMU will develop a workplan in consultation with the DBO Contractor, clearly identifying a critical path, roles and responsibilities for delivering each activity and potential constraints between the date of amendment 6 and end January 2019. The workplan will include budget projections, milestones, benchmarks, indicators of performance and details of how these will be measured.
- 4.8 The PMU will maintain the project risk register and an issue register issuing to DFID and SHG monthly.
- 4.9 The PMU will liaise with the DFID St Helena Airport Team and using reasonable endeavor obtain the agreed inputs required from SHG departments are delivered by SHG in line with the overall workplan.
- 4.10 The PMU Manager will also work with the DFID St Helena Airport Team to monitor the delivery of the required inputs and to discuss measures to address constraints.
- 4.11 The PMU will report to the DFID St Helena Airport Team on any slippage in enabling activities by SHG departments and work with the DFID St Helena Airport Team to develop measures to address constraints.
- 4.12 The PMU will measure and monitor the Contractor’s performance, confirm achievement of milestones and certify payments due.
- 4.13 The PMU will identify changes and negotiate Variations with the Contractor, on behalf of DFID necessary to ensure efficient and cost effective delivery of the final stages of Phase 1. Variations will be submitted to the SHG for approval, having sought prior agreement from the budget holder DFID Overseas Territories Department.
- 4.14 The PMU will monitor project finances.
- 4.15 The PMU will prepare monthly progress reports against the agreed project workplan, risk register and issues register, for submission to DFID St Helena Airport Team. The monthly report will include a summary of progress against key milestones and a summary of project finances.

- 4.16 The PMU will support the DFID St Helena Airport Team in managing communications, preparing press releases, and dealing with enquiries and incidents.
- 4.17 Working closely with the DFID St Helena Airport Team, the PMU will facilitate project reviews and audits as required by DFID's project management procedures.

## **5. Deliverables (Amendment 6)**

- 5.1 The PMU shall not be responsible for delays to the project caused by reasons out of its reasonable control. Notwithstanding any other provision of the contract if the PMU has to carry out additional work and/or suffers disruption in the performance of the Services because:

- of any delay by the Contractor or other stakeholders in fulfilling their obligations or in taking any other step necessary for the execution of the Services; or
- the PMU suffers delay or disruption caused by factors or third parties, outside PMU's reasonable control

Any additional work or claim for delay or disruption will be subject to DFID's prior written consent.

The PMU shall request, subject to 4 months prior notice, an extension of time and an additional payment in respect of any additional work carried out and additional resources employed and/or the disruption suffered.

- 5.2 Subject to prior agreement on the terms of any such extension with the PMU, DFID may extend the contract should an ongoing need for the services exist. Any extension shall be dependent upon supplier performance, continued demonstration of value for money and the requisite DFID approval processes and will be subject to agreement between DFID and the PMU on rates, defined period and services.
- 5.3 The PMU are not responsible for those duties that belong to Contractor or other third parties. This contract does not relieve the Contractor or any other entity of their obligations, duties, and responsibilities.
- 5.4 The PMU does not guarantee the performance of, and shall have no responsibility for, the acts or omissions by the Contractor, stakeholders or other third parties but will bring to the attention of the Employer and DFID any such performance issues or acts or omissions by the Contractor that they become aware of.
- 5.5 PMU Services to Taking Over

The PMU will be responsible for using reasonable endeavors for managing the stakeholders in their delivering the following outputs:

- Work with the Contractor, DFID and SHG to complete signed versions of VO30b
- Work with the Contractor, DFID and SHG to complete all outstanding VOs
- Challenge the need for all outstanding VOs and identify/negotiate the most cost effective solution for required needs (where not identified already).
- Lead Delay Damages claims against the Contractor (or complete alternative cost negotiations with the Contractor for the maximum value of Delay Damages as a minimum to be offset against valid contract costs).
- Advice on appropriate and cost-effective rescue and firefighting services or provision to protect essential airport infrastructure.

- Lead or arrange joint meetings with the Contractor, DFID, SHG and the Fuel Management Contractor as requested, when deemed appropriate and as discussed with all parties.
- Manage the construction partner to final construction completion, highlighting risks and providing mitigation where forecasts indicate construction will not complete by 4 November 2018.
- Fulfil the role as Engineer under the DBO contract and issue Taking Over Certificate when appropriate.
- Brief weekly reports
- Monthly reports
- Special reports
- Terms of reference for any additional technical assistance
- Briefing for monitoring reviews

## 5.6 Project Closure

The PMU will aim to:

- Prepare final snagging list with the Contractor within two weeks of taking over
- Prepare final accounts with relevant stakeholders within three weeks of taking over
- Manage the completion of close down activities, and handover of all documents produced by the PMU to SHG/DFID within four weeks of taking over
- Final agreed project completion report within four weeks of taking over

## 5.7 Defects Notification Period

- Undertake visual inspection of Section 1 of the Works
- Issue the Performance Certificate as required under the DBO Contract

### *Weekly Reports*

5.8 During construction the Engineer will submit a brief weekly report to the Employer summarising the following:

- Progress of the Contractor's Site works
- Key issues arising, including risks
- Issues requiring action by the Employer, including risks
- Activities planned for the forthcoming week and meetings

5.9 The PMU will aim to email the report by 12:00 local time on the Monday following the previous reporting week.

### *Monthly Reports*

- 5.10 During the design and construction phase the Engineer will prepare a Monthly Activity Report summarising the Engineer's and Contractor's activities during the period. Monthly reports will include:
- Brief description of the Work carried out during the reporting period;
  - Report on progress against the project logical framework and the agreed workplan, clearly showing activities completed during the reporting period;
  - Actual or expected difficulties or delays in the implementation of the contract and their effect on the implementation timetable, and the actual steps taken or planned to overcome the difficulties and avoid delays;
  - Expected changes in the completion date accompanied by an updated project workplan;
  - Key personnel changes in the Contractor's staff;
  - Project cost control table showing the original cost estimates, the original contract prices, the current contract price including variation orders and contractual changes, the future cost estimate at contract completion and the corresponding sources of financing; this table shall be complemented by comments on matters that may affect the project costs;
  - Monthly update of the project risk register, identifying any unresolved risks, the party responsible for action and date by which resolution is required;
  - Monthly update of the project issue register, identifying unresolved issues, the party responsible for action and date by which resolution is required;
  - Brief description of the work to be carried out during the forthcoming period;
  - Illustrative pictures, charts, maps and diagrams;
  - If available, the Contractor's Monthly Report will be appended to the PMU report;
  - An overview of time spent by the Engineer, with clear breakdown of man-days for all of the Engineer's staff during the period.
  - Monthly reports shall be sent in electronic format.

#### *Special Reports*

- 5.11 Special Reports shall be prepared on major issue raised by the contract implementation, including claims by the Contractor, at the Employer's request.

#### *Project completion report*

- 5.12 Following issue of the completion certificate(s), the PMU will prepare a summary report of the Design and Build phase. The report will set out remaining defects, with agreed actions and timeframes for completion; a summary of project finances; and analysis of any outstanding claims. The report should also include as an annex a formal DFID Project Completion Report against the project logframe. A template for this will be provided.

#### *Terms of reference for any additional technical assistance*

- 5.13 The PMU will prepare terms of reference for additional technical assistance that may be required by the Employer.

### *Briefing for monitoring reviews*

- 5.14 The PMU will prepare briefing for annual monitoring reviews of the project to be carried out in accordance with DFID monitoring procedures.
- 5.15 The PMU Manager will copy all reports and correspondence to the DFID St Helena Airport team, and shall ensure that all reports and correspondence generated by the Contractor or other third parties are also copied to these parties.

## **6. Composition**

- 6.1 The PMU will be appointed by DFID in consultation with the SHG, and will be headed by a full-time PMU Project Manager throughout the consultancy. The PMU Project Manager will report directly to, and work closely with, the DFID St Helena Airport Team to facilitate effective and timely delivery of the project outputs.
- 6.2 The PMU Project Manager will be supported by an appropriately staffed team (with construction supervision and financial monitoring skills), who will monitor progress on the construction of the airport, and prepare accounts for certification.
- 6.3 It is expected that the staffing of the PMU, when fully established in St Helena, will include:
- The PMU Project Manager
  - Construction supervision staff (Engineers, Inspectors as required. One staff member will be allocated formal CDM Co-Ordinator responsibilities).
  - Finance Officer
  - Administrative Support (as required)
- 6.4 The PMU will be recruited from a reputable engineering consultancy firm. Wherever possible, the supplier should maximise the use of local resources.
- 6.5 The PMU must have access to specialist technical inputs from the supplier's Head Office to facilitate design approvals, claims analysis, etc. where these cannot be carried out on site.
- 6.6 The PMU may engage specialist technical support from independent consultants as necessary, with prior agreement from DFID and the SHG, and engaged directly within agreed limits.

## **7. Required Qualifications and Experience**

- 7.1 The PMU Manager will have prior site experience in successful management of construction projects of comparable complexity, preferably with recent airports' experience. They will have achieved chartered status through an appropriate professional body, will ideally have proven experience in the management of design and build construction projects, preferably using the FIDIC Condition of Contract for Plant and Design-Build. They must have experience in the implementation of risk management, quality control, and health and safety systems. Proven skills in managing a multidisciplinary team will be necessary. Experience in negotiation of design and build contracts would be an advantage.

- 7.2 All construction supervision staff should hold appropriate professional qualifications. The construction supervision staff should include a CDM Co-Ordinator, who should have received the appropriate training.
- 7.3 The consultancy organisation's Head Office support team should include the following skillsets:
- Tender evaluation, design review, risk analysis, risk management, commercial negotiations, aviation regulation, contract law, and airport and air service regulation.
- 7.4 Consultants engaged in these roles should hold appropriate qualifications and professional affiliations.

## **8.0 Location and Timing**

- 8.1 The full PMU will be gradually reduced in size as deemed appropriate on approach to the end of contract. It will be disbanded when appropriate at the end of contract.

## **9.0 Communication and Coordination**

- 9.1 The PMU acts as the supervisory body for construction of the airport and for ensuring that policy issues affecting project implementation are brought to the attention of the DFID St Helena Airport Team, monitoring and reporting on progress towards addressing them.
- 9.2 The PMU will support the DFID St Helena Airport Team by preparing regular updates and working closely with them to ensure effective communications.
- 9.3 The PMU will establish effective and regular communication with the DFID St Helena Airport Team, SHG and the Contractor.
- 9.4 The PMU will keep the DFID St Helena Airport Team and SHG informed on project progress, and will provide support to public awareness raising, press releases and responses to enquiries