



Strategic Outline Case

Owen Roberts International Airport, Charles Kirkconnell International Airport and Little Cayman Airport Development

This document provides information to relevant stakeholders to inform deliberations concerning the potential development of new airport terminal facilities for airlines and passengers.

Airports Development Steering Committee & CIAA Management Team
October 2013

Table of Contents

Definitions	3
Introduction	4
 Owen Roberts International Airport	
Section 1: Project Overview.....	5
Section 2: Aims, Needs, Objectives & Constraints	6
• Strategic Aim(s) and Policy Objective(s)	6
• Project Need and Objectives	7
• Project Constraints	10
Section 3: Stakeholder Analysis	12
Section 4: Management & Implementation	14
Section 5: Consideration of Options	15
Section 6: Costs, Benefits & Risks.....	16
Section 7: Funding & Affordability	18
 Charles Kirkconnell International Airport	
Section 1: Project Overview.....	19
Section 2: Aims, Needs, Objectives & Constraints	20
• Strategic Aim(s) and Policy Objective(s)	20
• Project Need and Objectives	20
• Project Constraints	22
Section 3: Stakeholder Analysis.....	24
Section 4: Management & Implementation.....	26
Section 5: Consideration of Options	27
Section 6: Costs, Benefits & Risks.....	28
Section 7: Funding & Affordability	30
 Little Cayman Airport	
Section 1: Project Overview.....	31
Section 2: Aims, Needs, Objectives & Constraints	32
• Strategic Aim(s) and Policy Objective(s)	32
• Project Need and Objectives	32
• Project Constraints	33
Section 3: Stakeholder Analysis	35
Section 4: Management & Implementation.....	37
Section 5: Consideration of Options	38
Section 6: Costs, Benefits & Risks.....	39
Section 7: Funding & Affordability	40
Appendices.....	42
Cabinet Policy Guidance	43
Steering Committee Terms Reference.....	45
List of Reference Materials	49

Definitions

Airport	-	A complex of runways and buildings for the take-off, landing, and maintenance of civil aircraft, with facilities for passengers.
AIS	-	Aeronautical Information Services
ATC	-	Air Traffic Control
CAACI	-	Civil Aviation Authority Cayman Islands
CIAA	-	Cayman Islands Airports Authority
CIDOT	-	Cayman Islands Department of Tourism
CIG	-	Cayman Islands Government
CITA	-	Cayman Islands Tourism Association
CKIA	-	Charles Kirkconnell International Airport
CUPPS	-	Common Use Passenger Processing Systems
DOE	-	Department of Environment
EAB	-	Environmental Assessment Board
EIA	-	Environmental Impact Assessment
FBO	-	Fixed Base Operator
FFR	-	The Framework for Fiscal Responsibility
GDP	-	Gross Domestic Product
HBS	-	Hold Baggage Screening
IATA	-	International Air Transport Association
ICAO	-	International Civil Aviation Organization
LCA	-	Little Cayman Airport
MEP	-	Mechanical, Electrical and Plumbing
MRCU	-	Mosquito Research Control Unit
NRA	-	National Roads Authority
OBC	-	Outline Business Case
ORIA	-	Owen Roberts International Airport
PFC	-	Passenger Facility Charge
PMFL	-	Public Management and Finance Law
PPP	-	Public Private Partnership
PWD	-	Public Works Department
RESA	-	Runway End Safety Area
SITA	-	Sister Islands Tourism Association
SMS	-	Safety Management Systems
SOC	-	Strategic Outline Case
TSA	-	Transport Security Administration
UKDFT	-	United Kingdom Department for Transport

CAYMAN ISLANDS AIRPORTS AUTHORITY STRATEGIC OUTLINE CASE

Project Title: CIAA Airports Development Projects

Sponsoring Ministry: Ministry of District Administration, Tourism and Transport

Senior Responsible Officer: Chief Officer, Mr Stran Bodden

Signed:

Date: October 2013

Introduction

The Cayman Islands are served by three airports Owen Robert International Airport (ORIA), Charles Kirkconnell International Airport (CKIA) and Little Cayman Airport (LCA). These airports support various levels of airport development that provided a satisfactory level of service at the time initial development took place. Within the past ten years, commercial, business and tourist usage has increased, putting additional stress on the airport systems and their infrastructure.

In October 2013, the Cayman Islands Government (CIG) issued a policy directive to further enhance the existing facilities at all three airports for passenger (international and domestic) arrivals to improve the travel experience. This policy is intended to support the Government's Broad Outcome Goal of "Setting the Stage for Success in the Tourism Industry" and developing further tourism opportunities in the Cayman Islands through increased air service development.

The exact scope of development for all three airports will be determined as part of a substantive Outline Business Case (OBC) process and is beyond the scope of this document. The prioritization and phasing of the works will be of key importance.

The plans for all three airports should consider energy efficient design and make use of all available natural energy sources to reduce overall operational costs over the long term.

Due to the CIG's inability to undertake conventional borrowing, the OBC will have to explore several financing options ranging from self-finance through revenue generated by the passenger facility charge (PFC) to private public partnership (PPP). This will be defined in the OBC process.

The Cayman Islands Airports Authority (CIAA) will follow the proper open, transparent and competitive procurement processes ensuring value for money for all phases of the project including design, building and potentially financing of the facility. Operational responsibility will remain with the CIAA.

The project is expected to deliver significant economic benefits to the Cayman Islands. These benefits include increased stay-over visitor spending, increased revenues for CIG, job opportunities, increased opportunities for additional airlift into Grand Cayman as well as greater overall profitability for the CIAA.

CAYMAN ISLANDS AIRPORTS AUTHORITY

STRATEGIC OUTLINE CASE

Project Title: Proposed Owen Roberts International Airport Development

Section 1: Project Overview

Owen Roberts International Airport (ORIA)

ORIA is located on Grand Cayman - one mile southeast of George Town, the capital of the Cayman Islands - and is the main international airport for the Cayman Islands. The airport is a vital part of the Cayman Islands transportation system and is consequently of strategic importance to the Cayman Islands, providing reliable scheduled international, domestic and charter flights as well as cargo operations, and general aviation services.

ORIA has long surpassed its maximum capacity for passenger and aircraft movements. The airport was originally built to accommodate 500,000 passengers however it now handles double the capacity. Overcrowding is experienced throughout all areas of the airport and results in an uncomfortable and inefficient travel experience for the customers. Additionally, with the increase in flight activity over the years, congestion occurs on the apron during peak hours. Overall all facilities have deteriorated over the years including the General Aviation Terminal (GAT).

In order to determine the scope of project required to address the deficiencies of the airport to accommodate projected passenger growth and aircraft equipment, it is necessary to consolidate and update the airport master plans. A new plan should provide long term solutions for all the shortcomings of the airport.

Due to the CIG's inability to undertake conventional borrowing, the OBC will have to explore several financing options ranging from self -finance through revenue generated by the passenger facility charge (PFC) to private public partnership (PPP). This will be defined in the OBC process.

The Cayman Islands Airports Authority (CIAA) will follow open, transparent and competitive procurement processes ensuring value for money for all phases of the project including design, building and potentially financing of the facility. Operational responsibility will for the facility shall remain with the CIAA.

The project is expected to deliver significant economic benefits to the Cayman Islands. These benefits include increased stay-over visitor spending, increased revenues for CIG, job opportunities, increased opportunities for additional airlift into Grand Cayman as well as greater overall profitability for the CIAA.

Section 2: Aims, Needs, Objectives & Constraints

The total percentage of annual visitors to the islands by air is 20%. The stay over visitors' average spend contributes 77% of the total annual tourism revenue. This percentage amounts to CI\$287M (*source: CI Compendium of Statistics 2012.*) Congestion in the ORIA terminal building, primarily in the departure lounge, has resulted from passenger traffic growth and the fact that the terminal building capacity has not kept pace with the demand since it was built in 1985.

Competing regional countries such as Jamaica, Bahamas, Aruba and Turks & Caicos Islands, having recognized the need for airport terminal expansion, made the relevant investments to position themselves for future growth. Unfortunately the Cayman Islands are not maintaining its competitive edge in this regard.

The airport is a major economic driver for the country and in order to continue to grow and develop at a sustainable rate and keep up with its competitors, it has now become critical for the airport terminal to be developed to comfortably and safely accommodate the current passenger loads as well as to provide reserve capacity for future growth.

Increased growth in the Growth Domestic Product (GDP) and stable revenue streams are important components of the Government's three year fiscal plan. The development of the airport terminal facilities will accommodate additional airlift in future which consequently equates to increased revenue for local businesses and will positively impact the GDP of the Cayman Islands while providing much needed Government revenue.

In February 2011 an Airport Visitor Experience Assessment was carried out by Deloitte and the Cayman Islands Department of Tourism (CIDOT). This report confirmed that the current airport infrastructure has a negative impact on our visitors' experience. Additionally, recommendations were made to expand and upgrade the current airport terminal to provide immediate positive impacts on the visitors' experience as this is their first and last impression of the islands.

Strategic Aim(s) and Policy Objective(s)

In October 2013, the CIG issued a policy directive to further enhance the existing facilities at all three airports for passenger (visitors and residents) arrivals to improve the travel experience. This policy is intended to support the Government's Broad Outcome Goal of "Setting the Stage for Success in the Tourism Industry" and developing further tourism opportunities in the Cayman Islands through increased air service development.

The tourism industry contributes approximately 24% of the Cayman Islands GDP (*source: World Travel & Tourism Council*). It provides significant employment and entrepreneurial opportunities for residents of the Islands and is also a significant contributor to CIG's revenues. These factors and several others make it one of the two main pillars of the economy.

The development of the airport is an important growth strategy for the Cayman Islands tourism market. As such, the project is supported by key industry representative groups such as Airlines, Civil Aviation Authority Cayman Islands (CAACI), CIDOT, Airport concessionaires and Border Control Agencies and key business leaders and business partners.

The growth in passenger numbers over the years has meant that the existing capacity of the airport is inadequate. The provision of an expanded terminal and associated infrastructure is consequently overdue.

A new airport master plan will provide solutions to address the development requirements of the airport to accommodate current and future needs.

Project Need and Objectives

The Project seeks to provide the relevant infrastructure to meet the existing and future growth of passenger, aircraft and cargo operations while meeting international standards and regulations.

The airport master plans should be consolidated and updated to provide flexible options for service and infrastructure to address current needs and long term development plans and objectives.

Need: Provide infrastructure to meet current and projected demand for aircraft, passenger and cargo movements

Objectives

Terminal Building Expansion

The objective is to address the deficiencies with the current terminal building in order to comfortably accommodate existing and future passenger demand.

The current ORIA commercial airline terminal building was opened in 1984 and designed with space to handle a maximum of 500,000 passengers by the year 2000. Today ORIA handles approximately one million passengers per year, a 100% capacity increase over design intent.

Since the terminal building was first established it has undergone minor renovations and additions to accommodate our islands' growing population and expanding economy. However, it has not kept pace with the level of service and convenience expected by the passengers. The airport terminal reflects a combination of aged and cramped facilities and a severely congested and uncomfortable environment, providing a poor level of service to travellers passing through the airport. Additionally, there is no space to develop in-transit facilities and employees are forced to work under confined conditions.

Apron Expansion

The objective is to relieve current congestion on the apron and accommodate present and future aircraft demand.

Currently the apron provides a maximum of eight aircraft parking stands. This contributes to congestion on the apron during the peak periods and limits our potential to accommodate added air service at peak times.

General Aviation Terminal (GAT)

The objective is to address the current deficiencies with the GAT. The GAT provides facilities for general aviation users. The current facility is inadequate and restricted in size and cannot accommodate the number passengers and aircraft using the GA facilities. There has been private sector interest in partnering with CIAA to develop the GAT.

Airport Pavements –Apron, Runway, Taxiways

The objective is to assess the state of the pavements and the requirement for surveys and or improvements.

Runway Extension and Taxiways

The objective is to evaluate the need to extend the runway to accommodate long-haul flights.

Parallel Taxiway

The objective is to evaluate the need to develop a parallel taxiway from end of runway to main apron.

Currently no parallel taxiway exists. This would allow for traffic to be handled more expeditiously on landing and take-off.

Cargo Facilities

The objective is to evaluate the need to improve and enhance current cargo processes and facilities. With the expectation of increased air traffic it is anticipated that cargo throughput will also be increased.

Fuel Facility

The objective is to evaluate the current location of the fuel facility as its location will impact on both the terminal and the apron development. The CIAA is also in discussions with the two existing fuel providers to consolidate the facility, the fuel operators have indicated interest in partnering with the CIAA to develop the facility.

Fire Service

The objective is to evaluate the current infrastructure of the Fire Service to ensure it meets existing and future demand while complying with international regulations.

Transportation Network

The objective is to evaluate and address the development of the ground transportation infrastructure in the airport vicinity.

Need: Enhance airport safety

Objectives

Runway End Safety Area (RESA)

The objective is to provide a RESA as required by local and international regulations and to respond to the findings of a recent CAACI audit.

Currently there is no RESA on the eastern end of Runway 08. The purpose of this is to enhance the safety of airport operations by providing an International Civil Aviation Organization (ICAO) specified safety buffer in the event an aircraft overruns on landing. This scenario is currently deemed one of the two most serious safety concerns by ICAO.

Secondary Surveillance Radar

The objective is to evaluate the implementation of secondary surveillance radar to enhance the safe and expeditious movement of flight operation.

Need: Enhance airport security

Objectives

Runway Perimeter Road and Perimeter Fence

The objective is to provide a runway perimeter road as recommended by international regulations.

The perimeter fence is inspected regularly on a daily basis. To ensure ease of access to carry out these inspections, it is recommended to provide a runway perimeter road. The current path is inadequate and needs to be upgraded to a proper road. This is causing excessive wear on patrol vehicles which creates high maintenance costs.

Need: Enhance passenger convenience/experience

Objectives

Boarding Bridges

The objective is to evaluate the need and feasibility to install boarding bridges. The impact of other projects such as Health City should be considered due to the projected number of patients and passengers with reduced mobility expected to visit the facility.

US Border Control Pre-Clearance

The objective is to conduct an analysis, including key agencies such as United Kingdom Department for Transport UKDFT and US Transport Security Administration (TSA), to determine if US border control pre-clearance facilities can be provided at the airport. The overall objective being to enhance the passenger experience, allowing them to fly into domestic terminals in the USA, and avoiding the long waiting times regularly experienced at US Border controls.

Common Use Passenger Processing Systems (CUPPS)

The objective is to provide common use facilities and systems such as common use airline check-in counters, baggage information displays and flight information displays, throughout the airport to enhance the passengers' travel experience and convenience.

Concessions

The objective is to increase the diversity of products and services available to passengers through improved concession spaces.

Need: Enhance Revenue Streams

Objectives

Concessions

The objective is to enhance concession spaces to generate additional revenue

Office Space Rental

The objective is to enhance office space rental to generate additional revenue

Advertising Space

The objective is to enhance advertising space to generate additional revenue

Energy Efficient Facilities

The objective is to provide sustainable and energy efficient facilities to minimize carbon footprint and recurrent costs

Vehicle Parking Facilities

The objective is to enhance vehicle parking facilities and generate additional revenue

Project Constraints

Financing: The CIG is currently constrained by numerous economic factors. Due to restrictions under the Public Management and Finance Law 2012 (PMFL), the CIG is unable to finance the development of the airport through conventional borrowing methods. The CIAA is also dependent on existing revenue streams stemming from the airline industry as a means of funding its on-going operations. The following is a brief resume of CIAA revenue streams.

- **Passenger Taxes/Revenue-**
Currently Cayman Islands Government receives revenues from the Cayman Islands Airports Authority as follows- Fees, Passenger Facility Charge (PFC), Departure Tax, Security Tax, Terminal Fee. The total fee per passenger is currently CI\$42.00, and this fee is anticipated to rise to CI\$52.00 per passenger with a revision to the Travel Law (Departure Tax and Environmental Protection Law), expected December 2013. In addition CIAA receives rental income of approximately CI\$1.4 million per annum.
- **Passenger Facility Charge (PFC)-**
The passenger facility charge (PFC) is CI\$13.00 per head, and is levied on “every eligible departing passenger” to an international destination.
Revenue from the PFC is currently the only charge that can be utilized for airport capital developments and these funds cannot be utilized for operations and maintenance. The current development fund contains a sum of CI\$9.67m_which is placed on deposit.
Currently CI\$3.0million of the fund (not included in sum of CI\$ 9.67) is being utilized for potential future works-
 - Brac Terminal Expansion
 - ORIA Emergency Works
 - Emergency Generator for ORIA
 - ORIA Revenue Parking SystemCIAA has confirmed the total PFC for 2012-2013 amounted to CI\$6.07, but only CI\$4.0 million was actually collected due to non -payment by certain airlines.
- **Revenue Enhancement Study-**
CIAA is currently undertaking an in house revenue enhancement study including-
 - i)Tenancy Rate Review 2013 -currently underway:
 - ii)Airport Fees Review March 2008- undergoing refreshing for implementation 2014/2015:
- **Repayment of Delinquent PFC Fees-**
CIAA and delinquent airlines are in negotiations to agree arrangements for payment of the outstanding PFC and other passenger related taxes, to be repaid over a set period of time. This agreement is due to be finalized in December 2013, and will involve a series of staged payments commencing in 2014.

Ownership & Operations: Due to the importance of the Airport as a strategic national asset, the CIAA will retain the legal ownership and operations. Any financial model chosen for procurement will include consideration of that requirement against the need to provide assurance and security to a private sector investment partner.

The Framework for Fiscal Responsibility and PFML: The Framework for Fiscal Responsibility (FFR) Guidelines came in to effect in 2012. Government is required to follow these guidelines to ensure a fair and transparent procurement procedure.

Phasing: The PMFL (2012 revision) sets out the five key stages that will be undertaken by the CIG in the planning, development, and execution of a project. Those include (1) Strategic Outline Case (SOC) and OBC; (2) procurement (3) contract management; (4) delivery; and (5) evaluation.

The specific phasing of construction and timing for airport terminal expansion is beyond the scope of this document. The CIG's policy is that this facility be developed as early as possible giving due consideration for the relevant processes and procedures.

The financial restrictions of developing all three airports, at one time, must also be considered.

Outdated Airport Master Plan: Master Plans for long term development of ORIA were produced in 2002, 2004 and 2007. These master plans provide options for services and infrastructure to address terminal building congestion, capacity demand, and the wider airport facilities including apron/runway extension and regulatory requirements such as the RESA's.

During the preparation of the OBC, the consultant will review the existing master plans and will prepare a new master plan that will provide the basis and direction for any future development of the airport facilities.

Transportation network: The consolidation and update of the master plan should also address the development of the ground transportation infrastructure in the vicinity of the airport.

Available land: The consolidation and update of the master plan should also address the availability of land in the surrounding area of the current airport site for future development.

Impact to Daily Operations: The nature of this project will likely require construction to take place in areas where daily operations are expected to continue. The Project Management team will have to work closely with Airport Operations to ensure there is minimal impact to normal operations and that measures are put in place to mitigate any safety or security risks. Additionally, it is critical to maintain a positive traveller experience during the various phases of development.

It may be necessary for some airport tenants and concessions to be temporarily relocated during the various phases of development. This could impact their operations and revenue streams. The CIAA will have to establish a communication and phasing plan with the tenants to ensure a smooth relocation while striving to minimize loss of revenue to the tenants and the CIAA.

Natural Environment: The development of certain facilities at the airport, including for example the RESA, any potential runway extensions, and any development of the fuel facility will have an impact on the natural environment. The conservation of the natural environment is of significance to the Cayman Islands including during and after any construction activities, and the Department of the Environment (DOE), and Environmental Assessment Board (EAB), require to be closely

involved. The OBC will include advice on the impact of any developments on the environment and will identify the assessments that will be required to be undertaken to identify the key issues, together with mitigation measures.

The role of the Department of Environment (DOE), the Environmental Assessment Board (EAB), and the local community as key stakeholders in this aspect is recognized and appropriate consultation and input will be undertaken throughout key phases of the project.

Airline Non-payment of Passenger Facility Charge: The Airlines collect the PFC on behalf of the CIAA, however certain airlines have been delinquent in making payments. These outstanding payments account for 33% of the total collectibles, and negatively impact the financial position of the Authority.

Regulations: In order to ensure that the facilitation standards of international airports are complied with, the requirements of ICAO Annex 9, as well as other security specifications must be agreed with the UKDFT and subsequently implemented.

Building Codes: Facility upgrades will need to take into consideration the age of the buildings and the requirement to comply with current building code. Additionally, the airport is considered to be a key facility, and the design is required to comply with the CIG, PWD Public Shelter Standard for hurricane resistance.

Lack of Traffic Projections: There is a lack of projections for future passenger, aircraft and cargo movements to assist with determining the scope of project needed.

Section 3: Stakeholder Analysis

Key stakeholders and their involvement

The following preliminary list of key stakeholders will be consulted during the development of a subsequent business case. Material representations and concerns expressed by groups or individuals will be key components of the decision making process as the project further develops.

Cayman Islands Government (CIG): The success of this project is of strategic national importance as it supports a key pillar of the economy. By making the Cayman Islands a more competitive destination to fly to and improving the visitor experience, a vibrant air service market can also serve as a significant marketing tool for future stay over visitors to the Island. Stay over tourism also provides direct and indirect revenue streams for the Government in the form of taxes, charges, and indirect fees from the businesses who benefit from the industry.

Cayman Islands Airports Authority of the Cayman Islands (CIAA): CIAA and CIG jointly receive revenues from the Airlines in various taxes included in their individual ticket prices. CIAA also receives income from non-aeronautical revenue streams such as rental income, advertising, ground transportation and parking fees.

Airlines: Proper airport facilities including an in transit lounge will more efficiently and comfortably accommodate the current passengers and aircraft movements while allowing for

future growth. Airlines share a mutual interest with the CIAA in ensuring a high standard of visitor experience.

Department of Environment (DOE): The DOE seeks to facilitate responsible management and sustainable use of the natural environment and the natural resources of the Cayman Islands, through environmental protection and conservation.

Construction Sector: The construction sector is another key segment of the economy and an important stakeholder. The development of the Airport facility would provide jobs for this industry during the construction phase and revenues for several merchants who support it.

National Roads Authority (NRA)/Infrastructure Development: By expanding the Airport Terminal for future growth, passenger movements are expected to gradually increase. The airport ground transportation infrastructure for moving passengers in and out of the Airport complex is significantly limited. The current traffic system will need to be studied and appropriate measures put in place to handle the increased volume of traffic.

Concessionaires: Several existing merchants at the airport depend on the airline industry for success. Increased and/or steady passenger movements provide for business stability and growth potential.

Car Rental/Ground Transport Industry: The car rental and ground transportation industry plays a vital role in facilitating the movement of airline visitors to various points on the Island. A vibrant airline market provides income, business opportunities and jobs for stakeholders in this industry.

Local Attractions: All local attractions would benefit from increased stay over visitors.

General Public/Residents: Increased stay over visitors will result in higher demand for tourist related services; hence, the possibility of job creation.

Neighbouring Businesses and Residents: Airport development will have a direct impact to the airport neighbours and community such as noise and air pollution, changes to surrounding infrastructure, etc.

CI Department of Tourism (CIDOT): As tourism contributes significantly to the economy of the islands, the CIDOT would like to see enhanced airport facilities in place to accommodate existing and future stay-over tourist arrivals.

Cayman Islands Tourism Association (CITA): As a key industry representative group, CITA would like to see a timely development of the airport facility.

General Business Community: This project enjoys wide support from the business community. The general sentiment is a desire for harmonious business opportunities having due regard for sustainable growth and economic benefits to the entire Island. There is also strong support for the project to proceed in accordance with international best practices which provide equal opportunities for all members to participate and benefit from their involvement.

Border Control Agencies: HM Customs and Immigrations are key stakeholders whose operations will be affected as a result of increased passenger movements. Both agencies facilitate the flow of

individuals in and out of the Island and both would want to ensure that future terminal expansion will meet their requirements in terms of their operations.

Ground Handlers: Ground Handlers provide turnaround coordination and baggage servicing to aircraft. Increased aircraft arrivals will positively impact these businesses.

Fuel Providers: Fuel providers will have a major impact on airport development. CIAA will be required to work closely with the fuel providers to ensure a seamless transition. We will also have to ensure that any new fuelling procedures implemented follow all safety requirements.

UK Department for Transport: UKDFT regulates the security function at the airport. It is considered a key stakeholder in order to comply with all airport security regulations. CIAA will have to consult with UKDFT in all stages of the project.

Health City: Medical tourism is about to be introduced to the island by way of the development of Health City. This could potentially increase stay-over visitor numbers. Phase one of the Health City project is well underway. This phase is expected to be completed by February 2014.

CI Civil Aviation Authority (CAACI): As the regulator of our airport, CAACI consultation and oversight will be required for all aspects which relate directly to air safety.

CI Fire Service: The fire department is required to provide rescue and fire fighting response to aircraft involved in emergencies in order to comply with international regulations.

Fixed-base Operator (FBO): Island Air has been granted the right by the CIAA to operate on the airport and provide aeronautical services such as fuelling, hangaring, tie-down, and aircraft parking and support services.

Mosquito Research Control Unit (MRCU): MRCU currently operates an aircraft hangar and research facility on the airport site.

Executive Air: Executive Air currently provides the ground and passenger handling services for all air ambulance operations.

Section 4: Management & Implementation

Proposed project management structure and key personnel

General: The choice of Procurement Method will affect the level of project management required. The base requirement is for project management personnel with general procurement expertise and major project management experience. For some time CI Government has been considering setting up a central project management team. Towards this aim, it is now the intention to manage the Cruise Berthing Facility Project and Airports Redevelopment Projects under the aegis of a Public Works Department (PWD) Project Team. This centralization of project management staff will provide a base for the development of a future centralized CIG project office, and facilitate the training and mentoring of junior staff who will be able to enjoy a career path in the project office.

Reporting Structure: The CIAA board has appointed a Steering Group to guide the project through-out its development. It has been agreed that a senior project manager will be employed by

CIAA to provide the management and represent CIAA/CIG interests during the project. This senior project manager will be seconded to the PWD Project Team for the duration of the project, will manage the CIAA project staff, and will report to the PWD Chief Project Manager, (see attached organization chart).

The proposed Key Personnel anticipated for each project stage is as follows-

- 1) Pre Procurement Stage:
 - Preparation of Strategic Outline Case (SOC), and Outline Business Case
 - Key Personnel: Chief Project Manager, Senior Project Manager, Project Manager.
 - OBC Consultant Support -Financial, Technical, and Environmental.
- 2) Tendering Process:
 - Preparation of Prequalification, Tendering and Contract Documents.
 - Key Personnel, Chief Project Manager, Senior Project Manager, Project Manager, Document Manager/Administration Assistant).
 - Consultant Support- Technical and Environmental.
- 3) Contract & Performance Management- Construction Phase Project Delivery:
 - Key Personnel: Chief Project Manager, Senior Project Manager, Project Manager, Document Manager/Administration Assistant
 - Consultant Support- Financial, Legal, Technical, Environmental
- 4) Contract & Performance Management- Operations Stage:
 - Monitoring and Assessment by CIAA/CIG
 - Key Personnel: Chief Project Manager, Senior Project Manager, Project Manager.

Necessity of consultancy support: Consultancy support will be required during the Pre-Procurement Stage, for Financial, Technical and Environmental issues. For the successive stages the consultant support would be mainly technical and environmental, but the OBC will require to be revised at successive stages by the Financial Consultant to ensure the project goals are attained.

Legal, contractual or procurement issues: Adherence to the Cayman Islands legal framework is required at every stage of this project. The PMFL (2012 revision) clearly sets out the key stages for projects of this nature and the various procurement requirements to ensure value for money.

Outstanding management/Implementation consideration :

The appointment of a senior project manager as soon as practical is the recommended course of action. This will afford a dedicated resource to the advancement of this project. The level of funding for project management support and consultant support should be identified as an integral part of the project costs schedule.

Section 5: Consideration of Options

The list of considered options below is framed in the context of the policy directive issued by the Cabinet.

- 1) **No Change:** – continue operation of existing facilities as is:

- Airport to continue operations with existing conditions
- 2) **Continue operation of existing facilities with essential upgrades:**
- Airside covered walkways are added for protection of passengers from the elements
 - Upgrade MEP systems which are at the point of failure
 - Minimal aesthetic upgrade of the terminal building
 - Upgrade and strengthening of aircraft parking stands
 - Construction of in transit lounge
 - Introduction of Common Use Passenger Processing Systems (CUPPS) throughout the terminal
 - Perimeter road
- 3) **Implement a phased programme of enhancement and expansion of existing facilities** based on a master plan which is to be developed during the OBC process. The master plan will consider the complete airport including the following:
- Terminal Building & Environs
 - Apron
 - Runway and Taxiways
 - Air Navigation Systems
 - Cargo Operation
 - General Aviation
 - Fuel Farm
 - Government Agencies including Fire Service/Immigration/ Customs Facilities
 - Perimeter Security
- 4) **Prepare a master plan which is to be developed during the OBC process** and which will be based on the replacement of the existing terminal facility with a new terminal facility. The master plan will also consider the complete airport including the following;
- Terminal Building & Environs
 - Apron
 - Runway and Taxiways
 - Air Navigation Systems
 - Cargo Operation
 - General Aviation
 - Fuel Farm
 - Government Agencies including Fire Service/Immigration/ Customs Facilities
 - Perimeter Security

Section 6: Costs, Benefits & Risks

Broad Project Costs

- The OBC will establish the procurement method and this will determine the costs involved in the project.

- The cost of the project to CIAA will be dependent on the delivery option chosen. For the OBC stage, the major costs will be for the procurement of consultants and project management costs. For subsequent stages the cost of consultants and project management will be a constant, but the method of handling the procurement and construction costs will be dependent on the delivery method.
- With new facilities in place it will be expected that operational costs will increase. These include operation and management of the facilities, security, safety, upkeep and maintenance, administrative functions (HR, Finance, IT, etc.), utilities, essential equipment and customer service. The extent of the increase is unknown at present as the detailed operational requirements of the new facility will have to be fully defined. Furthermore, the impact on CIAA's revenue stream from the loss of rental income, due to necessary service interruption during the construction phase, will have to be assessed.
- The development of certain facilities at the airport, including for example the RESA, any potential runway extensions, and any development of the fuel facility will have an impact on the natural environment. The OBC will include advice on the impact of any developments on the environment and will identify the assessments that will be required to be undertaken to identify the key issues, together with mitigation measures. The associated costs are unknown at present.

Non-monetary Costs

- Increase in passenger travel time due to flight delays during construction
- The disruption to the airport passengers with on-going construction affecting the overall visiting experience.
- Environmental impact

Benefits

The lack of adequate terminal space places considerable constraints on ORIA. Considering the economic importance of the facility and its contribution to the Cayman Islands economy, the CIAA must address the capacity demand issue documented in this SOC. The types of benefits that will have a positive impact when addressed include:

- Positive safety impacts as a result of increased space
- Enhanced visitor experience
- Increase the safety and security of passengers
- More efficient travel time
- Additional value for concession and other operations within the airport
- Increase in value for local businesses outside the airport area, due to spending by additional visitors
- The Project will involve the local construction industry, and will create employment opportunities for residents, thus providing direct, indirect and induced economic impacts to GDP during the construction period.
- Monetary benefits for the airport from increases in revenues from new passengers
- Improved competitive regional positioning. In general the Cayman Islands will be perceived as a more attractive tourism destination.
- New infrastructure will allow for new air service to be developed by existing and new airlines thereby increasing passenger arrivals.

Risks

The following are the expected broad risks for the project during construction:

- Reduced ability to cater for larger passenger volumes
- Increased travel time for passengers due to delays resulting from restricting number of passengers in the departure hall
- Reduced opportunities for concessions and other business within the airport
- Reduced opportunities for businesses outside the airport area as a result of reduced passenger numbers
- Reduced revenues due to decline in passenger numbers
- Reduced employment opportunities by businesses impacted during construction
- Reduced productivity for airlines

Other Risks

- Financing of Project Costs – The CIAA/CIG will be responsible for the costs of all phases of the project
- Impact to Natural Environment - If the appropriate assessment and mitigation measures are not taken there is the potential for negative impacts on the environment.
- Impact of Natural Disaster - The Cayman Islands is located in the hurricane belt and the impact of a hurricane or near miss would have a severe impact on the progress of the project.
- Socio-political risks – the social, economic and political atmosphere could change thereby impacting Government ability, and directive to address infrastructure expansion. Therefore it is recommended that this must be undertaken while the socio-political climate is favourable.

Section 7: Funding & Affordability

Due to the CIG's inability to undertake conventional borrowing, the OBC will have to explore several financing options ranging from self-finance through revenue generated by the PFC to private public partnership. This will be defined in the OBC process.

Independent professional advice will be required to prepare and develop the Outline Business Case, and the consultant services, both financial and technical, will be competitively tendered. CIG/CIAA will seek to utilize in-house expertise, for example for project management resources, to minimize consultant costs.

The current and prospective revenue streams of the CIAA will have to be reviewed to ensure adequate funding for the increased operational costs resulting from airport development.

End ORIA

CAYMAN ISLANDS AIRPORTS AUTHORITY

STRATEGIC OUTLINE CASE

Project Title: Proposed Charles Kirkconnell International Airport Development

Section 1: Project Overview

Charles Kirkconnell Int'l Airport (CKIA) Development

Charles Kirkconnell International Airport (CKIA) is located on Cayman Brac – about 90 miles northeast of Grand Cayman and 5 miles east of Little Cayman. The airport is one of the hubs for Cayman Airways with flights to ORIA on Grand Cayman, and Edward Bodden Airfield on Little Cayman. International flights are constrained to a once-weekly Cayman Airways arrival from Miami International Airport. CKIA is the only airport on Cayman Brac. The majority of the tourism sector is concentrated on scuba diving with two hotels serving visitors.

CKIA currently does not have the proper facilities in place to effectively handle international flights. Some areas experience overcrowding when there are commercial jet operations. Additionally, there is no Hold Baggage Screening (HBS) facility and checked baggage is currently hand searched. Although this method is allowed as an alternative, by international standards - it is not the preferred method to use. Also, this method causes inefficient processing of passengers. Consequently, these existing conditions result in a poor passenger travel experience when one commercial jet flight is operating at the airport.

Presently plans are being developed to construct a HBS facility to address this need immediately.

In order to determine the scope of project required to address the deficiencies of the airport, including the needs for projected passenger growth and aircraft equipment, it will be necessary to develop an airport master plan. A master plan has not been previously prepared for CKIA, and this will provide solutions to address the development requirements of the airport to accommodate current and future needs.

Consideration should also be given to the acquisition of some additional land space around the airport to enhance security and accommodate future expansion.

Due to the CIG's inability to undertake conventional borrowing, the CIAA will have to explore several financing options ranging from self -finance through revenue generated by the PFC to private public partnership. This will be defined in the OBC process.

The CIAA will follow the proper open, transparent and competitive procurement processes ensuring value for money for all phases of the project including design, building and potentially financing of the facility. Operational responsibility will remain with the CIAA.

Section 2: Aims, Needs, Objectives & Constraints

Strategic Aim(s) and Policy Objective(s)

In October 2013, the CIG issued a policy directive to further enhance the existing facilities at all three airports for passenger arrivals to improve the travel experience. The development of the airport terminal is an important growth strategy for the Cayman Islands tourism market. As such, the project is supported by key industry representative groups such as Airlines, CAACI, CIDOT, Airport concessionaires and Border Control Agencies and key business leaders and business partners.

The tourism industry contributes approximately 24% of the Cayman Islands GDP (*source: World Travel & Tourism Council*). It provides significant employment and entrepreneurial opportunities for residents of the Islands and is also a significant contributor to CIG's revenues. These factors and several others make it one of the two main pillars of the economy.

The introduction of weekly international jet flights has meant that the existing capacity of the airport is inadequate during the operation of this flight. There is increased interest from airlines for international direct flights into Cayman Brac. Presently, the airport is unable to efficiently handle these flights.

An airport master plan will provide solutions to address the development requirements of the airport to accommodate current and future needs.

In order to ensure that the facilitation standards of international airports are complied with, the requirements of ICAO Annex 9 as well as other security specifications must be agreed with the UKDFT and subsequently implemented.

Project Need and Objectives

The Project seeks to provide the relevant infrastructure to meet the existing and future growth of passenger, aircraft and cargo operations while meeting international standards and regulations.

The airport master plans should be prepared to provide options for service and infrastructure to address current needs and long term development plans.

Need: Provide infrastructure to meet current and projected demand for aircraft, passenger and cargo movements

Objectives

Terminal Building Expansion to Accommodate International Jet Flights

The objective is to provide infrastructure to accommodate international direct flights.

The terminal is in need of a HBS room, as well as additional space in the passenger circulation areas such as the check-in lobby, security screening, outgoing immigration, departure hall, immigration arrival hall, baggage claim, and customs areas.

Cargo Facilities

The objective is to evaluate the need to provide cargo facilities at CKIA.

Aeronautical Information Services (AIS)

The objective is to evaluate the current AIS office location to address access needs of staff and pilots.

Transportation Network

The objective is to evaluate the need to develop the ground transportation infrastructure in the vicinity of the airport.

Fire Service

The objective is to evaluate the current infrastructure of the Fire Service to ensure it meets existing and future demand while complying with international regulations.

Need: Enhance airport safety**Objectives****Air Traffic Control (ATC) Tower**

The objective is to evaluate the current height, floor area and location of the ATC tower.

Currently, the air traffic control tower height doesn't meet the regulatory requirements in regards to the ability of the controller to view the entire runway length. Current line of sight is obstructed by mature vegetation. Floor area is also limited and there is currently no fire escape which impacts the safety of the staff.

Fire Service Access Road

To provide an access road directly to the runway as required by international regulations.

Airport Pavements –Apron, Runway, Taxiways

The objective is to assess the state of the pavements and the requirement for surveys and or improvements.

Runway End Safety Area (RESA)

To evaluate the need to provide a RESA as required by international standards.

Need: Enhance airport security**Objectives****Runway Perimeter Road and Perimeter Fence**

The objective is to provide a runway perimeter road as recommended by international regulations.

The perimeter fence is inspected regularly on a daily basis. To ensure ease of access to carry out these inspections, it is recommended to provide a runway perimeter road.

Need: Enhance Revenue Streams

Objectives

Concessions

The objective is to enhance concession spaces to generate additional revenue

Office Space Rental

The objective is to enhance office space rental to generate additional revenue

Advertising Space

The objective is to enhance advertising space to generate additional revenue

Energy Efficient Facilities

The objective is to provide sustainable and energy efficient facilities to minimize carbon footprint and recurrent costs

Project Constraints

Financing: The CIG is currently constrained by numerous economic factors. Due to restrictions under the PMFL 2012, the CIG is unable to finance the development of the airport through conventional borrowing methods. The CIG is also dependent on existing revenue streams stemming from the airline industry as a means of funding its on-going operations.

The following is a brief resume of CIAA revenue streams.

- **Passenger Taxes/Revenue-**
Currently Cayman Islands Government receives revenues from the Cayman Islands Airports Authority as follows- Fees, Passenger Facility Charge (PFC), Departure Tax, Security Tax, Terminal Fee. The total fee per passenger is currently CI\$42.00, and this fee is anticipated to rise to CI\$52.00 per passenger with a revision to the Travel Law (Departure Tax and Environmental Protection Law), expected December 2013. In addition CIAA receives rental income of approximately CI\$1.4 million per annum.
- **Passenger Facility Charge (PFC)-**
The passenger facility charge (PFC) is CI\$13.00 per head, and is levied on “**every eligible departing passenger**” to an international destination.
Revenue from the PFC is currently the only charge that can be utilized for airport capital developments and these funds cannot be utilized for operations and maintenance. The current development fund contains a sum of CI\$9.67m which is placed on deposit.
Currently CI\$3.0million of the fund (not included in sum of CI\$ 9.67) is being utilized for potential future works-
 - Brac Terminal Expansion
 - ORIA Emergency Works
 - Emergency Generator for ORIA
 - ORIA Revenue Parking SystemCIAA has confirmed the total PFC for 2012-2013 amounted to CI\$6.07, but only CI\$4.0 million was actually collected due to non-payment by certain airlines.

- **Revenue Enhancement Study-**

CIAA is currently undertaking an in house revenue enhancement study including-

i) Tenancy Rate Review 2013 -currently underway:

ii) Airport Fees Review March 2008- undergoing refreshing for implementation 2014/2015:

- **Repayment of Delinquent PFC Fees-**

CIAA and delinquent airlines are in negotiations to agree arrangements for payment of the outstanding PFC and other passenger related taxes, to be repaid over a set period of time. This agreement is due to be finalized in December 2013, and will involve a series of staged payments commencing in 2014.

The OBC will determine the scope of work and best financing model, taking into consideration the use of the use of available funds.

Due to the importance of the Airport as a strategic national asset, the CIAA will retain the legal ownership and operations. Any financial model chosen for procurement will include consideration of that requirement against the need to provide assurance and security to a private sector investment partner.

The Framework for Fiscal Responsibility and PFML: The FFR Guidelines came in to effect in 2012. CIG is required to follow these guidelines to ensure a fair and transparent tendering procedure.

Phasing: The PMFL (2012 revision) sets out the five key stages that will be undertaken by the Cayman Islands Government in the planning, development, and execution of a project. Those include (1) SOC and OBC; (2) procurement (3) contract management; (4) delivery; and (5) evaluation.

The specific phasing of construction and timing for airport terminal expansion is beyond the scope of this document. The CIG's policy is that this facility be developed as early as possible giving due consideration for the relevant processes and procedures.

Lack of Airport Master Plan: A master plan has never been developed for CKIA. The scope of the OBC will require the preparation of a master plan which will provide options for service and infrastructure to address current needs and long term development plans. Additionally, this document will provide solutions and guidance as to the way forward with respect to the airport facilities at CKIA.

Close Proximity of Buildings: The close proximity of the generator and electrical buildings to the west of the terminal and the fuel farm to the east, are potential limiting factors to expansion.

Airline Non-payment of Passenger Facility Charge: The Airlines collect the PFC on behalf of the CIAA, however certain airlines has been delinquent in making payments. These outstanding payments account for 33% of the total collectibles, and negatively impact the financial position of the Authority.

Impact to Daily Operations: The nature of this project will require construction to take place in areas where daily operations are expected to continue. The Project Management team will have to work closely with Airport Operations to ensure there is minimal impact to normal operations and

that measures are put in place to mitigate any safety or security risks. Additionally, it is critical to maintain a positive traveller experience during the various phases of development.

It may be necessary for some airport tenants and concessions to be temporarily relocated during the various phases of development. This could impact their operations and revenue streams. The CIAA will have to establish a communication and phasing plan with the tenants to ensure a smooth relocation while striving to minimize loss of revenue to the tenants and the CIAA.

Natural Environment: The development of certain facilities at the airport, including for example the RESA, any potential runway extensions, and any development of the fuel facility will have an impact on the natural environment. The conservation of the natural environment is of significance to the Cayman Islands including during and after any construction activities, and the DOE and EAB require to be closely involved. The OBC will include advice on the impact of any developments on the environment and will identify the assessments that will be required to be undertaken to identify the key issues, together with mitigation measures.

The role of the Department of Environment (DOE), the Environmental Assessment Board (EAB), and the local community as key stakeholders in this aspect is recognized and appropriate consultation and input will be undertaken throughout key phases of the project.

Bird Hazard: Lakes located to the south and east of the runway are natural bird attractants. Bird activity is more prevalent before sunrise and after sunset and flight operations are affected during these times.

Regulations: In order to ensure that the facilitation standards of international airports are complied with, the requirements of ICAO Annex 9, as well as other security specifications must be agreed with the UKDFT and subsequently implemented.

Building Codes: Facility upgrades will need to take into consideration the age of the buildings and the requirement to comply with current building code. Additionally, the airport is considered to be a key facility, and the design is required to comply with the CIG, PWD Public Shelter Standard for hurricane resistance.

Lack of Traffic Projections: There is a lack of projections for future passenger, aircraft and cargo movements to assist with determining the scope of project needed.

Hotels: The tourism industry will need to address the supply of room stock on the island to accommodate an increase in air traffic as current supply is inadequate for future growth of visitors.

Logistics: The management and flow of resources (human resources, building materials, equipment, etc) between Grand Cayman and Little Cayman in order to construct a new airport could impact the project.

Section 3: Stakeholder Analysis

Key stakeholders and their involvement

The following preliminary list of key stakeholders will be consulted during the development of a subsequent business case. Material representations and concerns expressed by groups or individuals will be key components of the decision making process as the project further develops.

Cayman Islands Government (CIG): The success of this project is of strategic national importance as it supports a key pillar of the economy. By making the Cayman Islands a more competitive destination to fly to and improving the visitor experience, a vibrant air service market can also serve as a significant marketing tool for future stay over visitors to the Island. Stay over tourism also provides direct and indirect revenue streams for the CIG in the form of taxes, charges, and indirect fees from the businesses who benefit from the industry.

Cayman Islands Airports Authority of the Cayman Islands (CIAA): CIAA and CIG jointly receive revenues from the Airlines in various taxes included in their individual ticket prices. CIAA also receives income from non-aeronautical revenue streams such as rental income, advertising, ground transportation and parking fees.

Airlines: Proper airport facilities will more efficiently and comfortably accommodate the current passengers and aircraft movements while allowing for future growth. Airlines share a mutual interest with the CIAA in ensuring a high standard of visitor experience.

Construction Sector: The construction sector is another key segment of the economy and an important stakeholder. Development of the Airport facility would provide jobs for this industry during the construction phase and revenues for several merchants who support it.

National Roads Authority (NRA)/Infrastructure Development: By expanding the Airport Terminal for future growth, passenger movements are expected to gradually increase. The airport ground transportation infrastructure for moving passengers in and out of the Airport complex is limited. The current traffic system will need to be studied and appropriate measures put in place to handle the increased volume of traffic.

Concessionaires: Existing merchants at the airport depend on the airline industry for success. Increased and/or steady passenger movements provide for business stability and growth potential.

Car Rental/Ground Transport Industry: The car rental and ground transportation industry plays a vital role in facilitating the movement of airline visitors to various points on the Island. A vibrant airline market provides income, business opportunities and jobs for stakeholders in this industry.

Local Attractions: All local attractions would benefit from increased stay over visitors.

General Public/Residents: Increased stay over visitors will result in higher demand for tourist related services; hence, the possibility of job creation.

Neighbouring Businesses and Residents: Airport development will have a direct impact to the airport neighbours and community such as noise and air pollution, changes to surrounding infrastructure, etc.

CI Department of Tourism (CIDOT): As tourism contributes significantly to the economy of the islands, the CIDOT would like to see enhanced airport facilities in place to accommodate existing and future stay-over tourist arrivals.

Sister Islands Tourism Association (SITA): As a key industry representative group, SITA and would like to see a timely development of the airport facility.

Cayman Islands National Trust: The Trust is a not-for-profit organization created to preserve the history and biodiversity of the Cayman Islands. The red-footed Boobies Nature Reserve is located directly south of the proposed airport site and is protected by the National Trust.

General Business Community: This project enjoys wide support from the business community. The general sentiment is a desire for harmonious business opportunities having due regard for sustainable growth and economic benefits to the entire Island. There is also strong support for the project to proceed in accordance with international best practices which provide equal opportunities for all members to participate and benefit from their involvement.

Border Control Agencies: HM Customs and Immigrations are key stakeholders whose operations will be affected as a result of increased passenger movements. Both agencies facilitate the flow of individuals in and out of the Island and both would want to ensure that future terminal expansion will meet their requirements in terms of their operations.

Ground Handlers: Cayman Airways and Island Air provide turnaround coordination and baggage servicing to aircraft.

Fuel Provider: CIAA will be required to work closely with the fuel provider to ensure their involvement and input during all phases of development.

UKDFT: UKDFT regulates the security function at the airport. It is considered a key stakeholder in order to comply with all airport security regulations. CIAA will have to consult with UKDFT in all stages of the project.

CI Civil Aviation Authority (CAACI): As the regulator of our airport, CAACI consultation and oversight will be required for all aspects which relate directly to air safety.

CI Fire Service: The fire department is required to provide rescue and fire fighting response to aircraft involved in emergencies in order to comply with international regulations.

Section 4: Management & Implementation

Proposed project management structure and key personnel

General: The choice of Procurement Method will affect the level of project management required. The base requirement is for project management personnel with general procurement expertise and major project management experience. For some time CIG has been considering setting up a central project management team. Towards this aim, it is now the intention to manage the Cruise Berthing Facility Project and Airports Redevelopment Projects under the aegis of a PWD Project Team. This centralization of project management staff will provide a base for the development of a future centralized CIG project office, and facilitate the training and mentoring of junior staff who will be able to enjoy a career path in the project office.

Reporting Structure: The CIAA board has appointed a Steering Group to guide the project through-out its development. It has been agreed that a senior project manager will be employed by CIAA to provide the management and represent CIAA/CIG interests during the project. This senior project manager will be seconded to the PWD Project Team for the duration of the project, will manage the CIAA project staff, and will report to the PWD Chief Project Manager, (see attached organization chart).

The proposed Key Personnel anticipated for each project stage is as follows-

5) Pre Procurement Stage:

- Preparation of SOC, and OBC
- Key Personnel: Chief Project Manager, Senior Project Manager, Project Manager.
- OBC Consultant Support -Financial, Technical, and Environmental.

6) Tendering Process:

- Preparation of Prequalification, Tendering and Contract Documents.
- Key Personnel, Chief Project Manager, Senior Project Manager, Project Manager, Document Manager/Administration Assistant).
- Consultant Support- Technical and Environmental.

7) Contract & Performance Management- Construction Phase Project Delivery:

- Key Personnel: Chief Project Manager, Senior Project Manager, Project Manager, Document Manager/Administration Assistant
- Consultant Support- Financial, Legal, Technical, Environmental

8) Contract & Performance Management- Operations Stage:

- Monitoring and Assessment by CIAA/CIG
- Key Personnel: Chief Project Manager, Senior Project Manager, Project Manager.

Necessity of consultancy support: Consultancy support will be required during the Pre-Procurement Stage, for Financial, Technical and Environmental issues. For the successive stages the consultant support would be mainly technical and environmental, but the Outline Business Case will require to be revised at successive stages by the Financial Consultant to ensure the project goals are attained.

Legal, contractual or procurement issues: Adherence to the Cayman Islands legal framework is required at every stage of this project. The PMFL (2012 revision) clearly sets out the key stages for projects of this nature and the various procurement requirements to ensure value for money.

Outstanding management/Implementation consideration

The appointment of a senior project manager as soon as practical is the recommended course of action. This will afford a dedicated resource to the advancement of this project. The level of funding for project management support and consultant support should be identified as an integral part of the project costs schedule.

Section 5: Consideration of Options

The list of considered options below is framed in the context of the policy directive issued by the Cabinet.

- 1) **No Change:** – continue operation of existing facilities as is:
 - Airport to continue operations with existing conditions
 - 2) **Continue operation of existing facilities with essential upgrades:**
 - Extension of Passenger Departure Lounge
 - Extension of Ticketing Area
 - Upgrade of Baggage Screening
 - Enclosure/Upgrade of Baggage Area
 - Air Traffic Control Tower
 - 3) **Implement a phased programme of development** based on a master plan which is to be prepared during the OBC process. The master plan will consider the complete airport including the following:
 - Terminal Building & Environs
 - Apron
 - Runway and Taxiways
 - Air Navigation Systems
 - Cargo Operation
 - General Aviation
 - Fuel Farm
 - Government Agencies including Fire Service/Immigration/ Customs Facilities
 - Perimeter Security
 - Air Traffic Control Tower
-

Section 6: Costs, Benefits & Risks

Broad Project Costs

- The OBC will establish the procurement method and this will determine the costs involved in the project.
- The cost of the project to CIAA will be dependent on the delivery option chosen. For the OBC stage, the major costs will be for the procurement of consultants and project management costs. For subsequent stages the cost of consultants and project management will be a constant, but the method of handling the procurement and construction costs will be dependent on the delivery method.
- With new facilities in place it will be expected that operational costs will increase. These include operation and management of the facilities, security, safety, upkeep and maintenance, administrative functions (HR, Finance, IT, etc.), utilities, essential equipment and customer service. The extent of the increase is unknown at present as the detailed operational requirements of the new facility will have to be fully defined. Furthermore, the impact on CIAA's revenue stream from the loss of rental income, due to necessary service interruption during the construction phase, will have to be assessed.
- The development of certain facilities at the airport, including for example the RESA, any potential runway extensions, and any development of the fuel facility will have an impact on the natural environment. The OBC will include advice on the impact of any developments on the environment and will identify the assessments that will be required to be undertaken to

identify the key issues, together with mitigation measures. The associated costs are unknown at present.

Non-monetary Costs

- Increase in passenger travel time due to flight delays during construction
- The disruption to the airport passengers with on-going construction affecting the overall visiting experience.
- Environmental impact

Benefits

The types of benefits that will have a positive impact when addressed include:

- Accommodation of international flights with new HBS facilities
- Improved visitor experience
- Improved safety and security of passengers
- More efficient travel time
- Additional value for concession and other operations within the airport
- Increase in value for local businesses outside the airport area, due to spending by additional visitors
- The project will involve the local construction industry, and will create employment opportunities for Cayman Brac residents, thus providing direct, indirect and induced economic impacts to GDP during the construction period
- Additional monetary benefits for the airport from increases in revenues from existing and new passengers
- Improved competitive positioning of the Sister Islands region
- New infrastructure will allow for new air service to be developed by existing and new airlines thereby increasing passenger arrivals

Risks

The following are the expected broad risks for the project during construction:

- Reduced ability to cater for larger passenger volumes
- Increased travel time for passengers due to delays resulting from restricting number of passengers in the departure hall
- Reduced opportunities for concessions and other business within the airport
- Reduced opportunities for businesses outside the airport area as a result of reduced passenger numbers
- Reduced revenues due to decline in passenger numbers
- Reduced employment opportunities by businesses impacted during construction
- Reduced productivity for airlines

Other risks:

- Financing of Project Costs – The CIAA/CIG will be responsible for the costs of all phases of the project
- Impact to Natural Environment - If the appropriate assessment and mitigation measures are not taken there is the potential for negative impacts on the environment.
- Impact of Natural Disaster - The Cayman Islands is located in the hurricane belt and the impact of a hurricane or near miss would have a severe impact on the progress of the project.

- Socio-political risks – the social, economic and political atmosphere could change thereby impacting Government ability, and directive to address infrastructure expansion. Therefore it is recommended that this must be undertaken while the socio-political climate is favourable.
-

Section 7: Funding & Affordability

Due to the CIG's inability to undertake conventional borrowing, the CIAA will have to explore several financing options ranging from self -finance through revenue generated by the PFC to private public partnership. This will be defined in the OBC process.

Independent professional advice will be required to prepare and develop the Outline Business Case, and the consultant services, both financial and technical, will be competitively tendered. CIG/CIAA will seek to utilize in- house expertise, for example for project management resources, to minimize consultant costs.

The current and prospective revenue streams of the CIAA will have to be reviewed to ensure adequate funding for the increased operational costs resulting from airport development.

End CKIA

CAYMAN ISLANDS AIRPORTS AUTHORITY

STRATEGIC OUTLINE CASE

Project Title: Proposed Little Cayman Airport Development

Section 1: Project Overview

Little Cayman Airport (LCA) Development

The existing Little Cayman Airport, Edward Bodden Field, is located on the southwest side of the Little Cayman Island with public access provided by the main roadway that traverses around the island. The Little Cayman Airport supports one runway facility that is approximately 100 feet in width and 3,000 feet in length.

There are a number of constraints associated with the site, including the land being in private ownership, and no formal agreement for its use in existence between the owners and CIAA. In addition the airport, including the runway, does not meet the requirements of international regulations for airports with a roadway, electrical utility lines and mature vegetation all in close proximity to the runway. There is also residential coastal development being planned in close proximity to the existing facility which if approved by CIG will preclude its continued use by aircraft.

The OBC will consider the options, but it appears unlikely that any agreement can be made with the owners of the existing airport to develop the present site. In addition the existing site, being in close proximity to high value residential coastal lots has inherent issues restricting its potential for expansion.

The CIAA preferred solution is then to provide for the construction of a new airport facility that is operated by CIAA, is located on land that is owned by CIAA, that meets the requirements of International Regulations and provides capacity for future growth. A new facility will also allow for improved air service to the island, which will have a positive economic impact by way of increased tourism, increased job opportunities and increased local business.

Previously CIAA and CIG have purchased land on Little Cayman for the development of a future airport, the land being located to the north east of the present site. A master plan for an airport development on this site was prepared in 2002, and a review of the proposed location and this document will be a requirement for the scope of the OBC.

Due to the CIG's inability to undertake conventional borrowing, the CIAA will have to explore several financing options ranging from self -finance through revenue generated by the PFC to private public partnership. This will be defined in the OBC process.

The CIAA will follow open, transparent and competitive procurement processes ensuring value for money for all phases of the project including design, building and potentially financing of the facility. With a new facility, operational responsibility will lie with the CIAA.

Section 2: Aims, Needs, Objectives & Constraints

Strategic Aim(s) and Policy Objective(s)

In October 2013, the CIG issued a policy directive to further enhance the existing facilities at all three airports for passenger arrivals to improve the travel experience. The development of the airport terminal is an important growth strategy for the Cayman Islands tourism market. As such, the project is supported by key industry representative groups such as Airlines, CAACI, CIDOT, Airport concessionaires and Border Control Agencies and key business leaders and business partners.

The tourism industry contributes approximately 24% of the Cayman Islands GDP (*source: World Travel & Tourism Council*). It provides significant employment and entrepreneurial opportunities for residents of the Islands and is also a significant contributor to Government's revenues. These factors and several others make it one of the two main pillars of the economy.

The overall aim of developing Little Cayman Airport is to provide an airport owned and operated by CIAA that complies with the regulations. Additionally, the airport should be capable of accommodating future growth.

Project Need and Objectives

The Project seeks to provide the relevant infrastructure to meet the existing and future growth of passenger, aircraft and cargo operations while meeting international standards and regulations.

The airport master plans should be updated to provide flexible options for service and infrastructure to address current needs and long term development plans.

Need: Provide infrastructure to meet current and projected demand for aircraft, passenger and cargo movements

Objectives

CIAA Ownership

The objective is to provide an airport owned and operated by CIAA that complies with the regulations.

Terminal Facilities

The objective is to provide an airport terminal to accommodate current and future passenger demand.

Aircraft Storage and Maintenance Facility

The objective is to evaluate the need to provide infrastructure to accommodate aircraft storage or aircraft maintenance.

Fire Service

The objective is to provide infrastructure for the Fire Service to ensure it meets existing and future demand while complying with international regulations.

Aircraft Apron and Fuelling Area

The objective is to provide apron space and a fuel facility at the airport. The Little Cayman Airport currently does not have an apron or a fuel facility for airport operations.

Development of a New Runway

The objective is to evaluate the need to develop a new runway to accommodate flight operations into Little Cayman while meeting existing and future aircraft type demand and international regulations.

Airport Access

The objective is to provide a hard surfaced primary access road to the terminal area.

Vehicle Airport Parking Facility

The objective is to provide a hard surfaced area capable of accommodating an appropriate number of vehicle parking spaces.

Project Constraints

Existing Site Constraints: There are numerous constraints with the current airport location which will require to be considered in the OBC analysis.

Financing: The CIG is currently constrained by numerous economic factors. Due to restrictions under the Public Management and Finance Law 2012 (PMFL), the CIG is unable to finance the development of the airport through conventional borrowing methods. The CIAA is also dependent on existing revenue streams stemming from the airline industry as a means of funding its on-going operations.

The following is a brief resume of CIAA revenue streams.

- **Passenger Taxes/Revenue-**
Currently Cayman Islands Government receives revenues from the Cayman Islands Airports Authority as follows- Fees, Passenger Facility Charge (PFC), Departure Tax, Security Tax, Terminal Fee. The total fee per passenger is currently CI\$42.00, and this fee is anticipated to rise to CI\$52.00 per passenger with a revision to the Travel Law (Departure Tax and Environmental Protection Law), expected December 2013. In addition CIAA receives rental income of approximately CI\$1.4 million per annum.
- **Passenger Facility Charge (PFC)-**
The passenger facility charge (PFC) is CI\$13.00 per head, and is levied on “**every eligible departing passenger**” to an international destination.

Revenue from the PFC is currently the only charge that can be utilized for airport capital developments and these funds cannot be utilized for operations and

maintenance. The current development fund contains a sum of CI\$9.67m which is placed on deposit.

Currently CI\$3.0million of the fund (not included in sum of CI\$ 9.67) is being utilized for potential future works-

- Brac Terminal Expansion
- ORIA Emergency Works
- Emergency Generator for ORIA
- ORIA Revenue Parking System

CIAA has confirmed the total PFC for 2012-2013 amounted to CI\$6.07, but only CI\$4.0 million was actually collected due to non-payment by certain airlines.

- **Revenue Enhancement Study-**

CIAA is currently undertaking an in house revenue enhancement study including-

- i) Tenancy Rate Review 2013 -currently underway:
- ii) Airport Fees Review March 2008- undergoing refreshing for implementation 2014/2015:

- **Repayment of Delinquent PFC Fees-**

CIAA and delinquent airlines are in negotiations to agree arrangements for payment of the outstanding PFC and other passenger related taxes, to be repaid over a set period of time. This agreement is due to be finalized in December 2013, and will involve a series of staged payments commencing in 2014.

The OBC will determine the scope of work and best financing model, taking into consideration the use of the reserve cash available.

Due to the importance of the Airport as a strategic national asset, the CIAA will retain the legal ownership and operations. Any financial model chosen for procurement will include consideration of that requirement against the need to provide assurance and security to a private sector investment partner.

Financing: Due to the CIG's inability to undertake conventional borrowing, the CIAA will have to explore several financing options ranging from self-finance through revenue generated by the PFC to private public partnership. This will be defined in the OBC process.

Outdated Airport Master Plan: An airport master plan was prepared in 2002. This master plan needs to be updated to provide options for services and infrastructure to address the current and long term development plans.

Natural Environment: The development of the airport, either at the existing site or a new site will have an impact on the natural environment. For example, there is an existing Red-footed Boobies Nature Reserve located directly south of the proposed airport site. This reserve is protected under the National Trust Law and the area has been designated an Animal Sanctuary and a wetland of international importance under the United Nations RAMSAR Convention. The conservation of the natural environment is of significance to the Cayman Islands including during and after any construction activities, and the DOE and EAB require to be closely involved. The OBC will include

advice on the impact of any developments on the environment and will identify the assessments that will be required to be undertaken to identify the key issues, together with mitigation measures.

The role of the Department of Environment (DOE), the Environmental Assessment Board (EAB), and the local community as key stakeholders in this aspect is recognized and appropriate consultation and input will be undertaken throughout key phases of the project.

Airline Non-payment of Passenger Facility Charge: Airlines collect the PFC on behalf of the CIAA however certain airlines have been delinquent on passing on the payments. This uncollected amount accounts for 33% and negatively impacts the financial position of the Authority.

Logistics: The management and flow of resources (human resources, building materials, equipment, etc) between Grand Cayman and Little Cayman in order to construct a new airport could impact the project.

Development of Existing Privately Owned Site: The commencement of private development at the existing airport can force the airport to close.

Regulations: In order to ensure that the facilitation standards of international airports are complied with, the requirements of ICAO Annex 9 as well as other security specifications must be agreed with the UKDFT and subsequently implemented.

Little Cayman Landfill: The Little Cayman landfill is approximately 1 mile directly east of the proposed new airport site. This has the potential of introducing hazards from bird-feeding activity or visibility due to burning of trash.

Section 3: Stakeholder Analysis

Key stakeholders and their involvement

The following preliminary list of key stakeholders will be consulted during the development of a subsequent business case. Material representations and concerns expressed by groups or individuals will be key components of the decision making process as the project further develops.

Cayman Islands Government (CIG): The success of this project is of strategic national importance as it supports a key pillar of the economy. By making the Cayman Islands a more competitive destination to fly to and improving the visitor experience, a vibrant air service market can also serve as a significant marketing tool for future stay over visitors to the Island. Stay over tourism also provides direct and indirect revenue streams for the CIG in the form of taxes, charges, and indirect fees from the businesses who benefit from the industry.

Cayman Islands Airports Authority of the Cayman Islands (CIAA): CIAA and CIG jointly receive revenues from the Airlines in various taxes included in their individual ticket prices. CIAA also receives income from non-aeronautical revenue streams such as rental income, advertising, ground transportation and parking fees.

Airlines: Proper airport facilities will more efficiently and comfortably accommodate the current passengers and aircraft movements while allowing for future growth. Airlines share a mutual interest with the CIAA in ensuring a high standard of visitor experience.

Construction Sector: The construction sector is another key segment of the economy and an important stakeholder. Development of the Airport facility would provide jobs for this industry during the construction phase and revenues for several merchants who support it.

National Roads Authority (NRA)/Infrastructure Development: The development of a new airport facility will require for road access to/from the airport to be reviewed according to the master plan.

Car Rental: The car rental and ground transportation industry plays a vital role in facilitating the movement of airline visitors to various points on the Island. A vibrant airline market provides income, business opportunities and jobs for stakeholders in this industry.

Local Attractions: All local attractions would benefit from increased stay over visitors.

Department of Environment (DOE): The Little Cayman landfill is approximately 1 mile directly east of the proposed new airport site. This has the potential of introducing hazards from bird-feeding activity or visibility due to burning of trash. The Department's refuse mitigation intentions will crucially impact airport development considerations.

Cayman Islands National Trust: The Trust is a not-for-profit organization created to preserve the history and biodiversity of the Cayman Islands. The red-footed Boobies Nature Reserve is located directly south of the proposed airport site and is protected by the National Trust.

General Public/Residents: Increased stay over visitors will result in higher demand for tourist related services; hence, the possibility of job creation. Due to the possibility of constructing an entirely new airport and runway, the social impact to residents will need to be carefully considered.

Neighbouring Businesses and Residents: Airport development will have a direct impact to the airport neighbours and community such as noise and air pollution, changes to surrounding infrastructure, etc.

CI Department of Tourism (CIDOT): As tourism contributes significantly to the economy of the islands, the CIDOT would like to see enhanced airport facilities in place to accommodate existing and future stay-over tourist arrivals.

Sister Islands Tourism Association (SITA): As a key industry representative group, SITA and would like to see a timely development of the airport facility.

General Business Community: This project enjoys wide support from the business community. The general sentiment is a desire for harmonious business opportunities having due regard for sustainable growth and economic benefits to the entire Island. There is also strong support for the project to proceed in accordance with international best practices which provide equal opportunities for all members to participate and benefit from their involvement.

Ground Handlers: Cayman Airways provides turnaround coordination and baggage servicing to aircraft.

UKDFT: UKDFT regulates the security function at the airport. It is considered a key stakeholder in order to comply with all airport security regulations. This airport is expected to remain as domestic only for the long term and as such security requirements will not necessarily be as stringent to both the airport and airlines.

CI Civil Aviation Authority (CAACI): As the regulator of our airports, CAACI consultation and oversight will be required for all aspects which relate directly to air safety.

CI Fire Service: In order to comply with international regulations, the fire department is required to provide rescue and fire fighting response to aircraft involved in.

Section 4: Management & Implementation

Proposed project management structure and key personnel

General: The choice of Procurement Method will affect the level of project management required. The base requirement is for project management personnel with general procurement expertise and major project management experience. For some time CI Government has been considering setting up a central project management team. Towards this aim, it is now the intention to manage the Cruise Berthing Facility Project and Airports Redevelopment Projects under the aegis of a PWD Project Team. This centralization of project management staff will provide a base for the development of a future centralized CI Government project office, and facilitate the training and mentoring of junior staff who will be able to enjoy a career path in the project office.

Reporting Structure: The CIAA board has appointed a Steering Group to guide the project through-out its development. It has been agreed that a senior project manager will be employed by CIAA to provide the management and represent CIAA/CIG interests during the project. This senior project manager will be seconded to the PWD Project Team for the duration of the project, will manage the CIAA project staff, and will report to the PWD Chief Project Manager, (see attached organization chart).

The proposed Key Personnel anticipated for each project stage is as follows-

1) Pre Procurement Stage:

- Preparation of SOC, and OBC
- Key Personnel: Chief Project Manager, Senior Project Manager, Project Manager.
- OBC Consultant Support -Financial, Technical, and Environmental.

2) Tendering Process:

- Preparation of Prequalification, Tendering and Contract Documents.
- Key Personnel, Chief Project Manager, Senior Project Manager, Project Manager, Document Manager/Administration Assistant).
- Consultant Support- Technical and Environmental.

3) Contract & Performance Management- Construction Phase Project Delivery:

- Key Personnel: Chief Project Manager, Senior Project Manager, Project Manager, Document Manager/Administration Assistant
- Consultant Support- Financial, Legal, Technical, Environmental

4) Contract & Performance Management- Operations Stage:

- Monitoring and Assessment by CIAA/CIG
- Key Personnel: Chief Project Manager, Senior Project Manager, Project Manager.

Necessity of consultancy support: Consultancy support will be required during the Pre-Procurement Stage, for Financial, Technical and Environmental issues. For the successive stages the consultant support would be mainly technical and environmental, but the OBC will require to be revised at successive stages by the Financial Consultant to ensure the project goals are attained.

Legal, contractual or procurement issues: Adherence to the Cayman Islands legal framework is required at every stage of this project. The PMFL (2012 revision) clearly sets out the key stages for projects of this nature and the various procurement requirements to ensure value for money.

Outstanding management/Implementation consideration:

The appointment of a senior project manager as soon as practical is the recommended course of action. This will afford a dedicated resource to the advancement of this project. The level of funding for project management support and consultant support should be identified as an integral part of the project costs schedule.

Section 5: Consideration of Options

The list of considered options below is framed in the context of the policy directive issued by the Cabinet.

1) No Change: – continue operation of existing facilities as is:

- Airport to continue operations with existing conditions

2) Continue operation of existing facilities with essential upgrades:

Purchase of existing airport together with any additional land from Private Sector Owner(s) and redevelop airport to meet regulatory requirements. Subsequently Implement a phased programme of development based on a master plan which is to be developed during the OBC process. The master plan will consider the complete airport including the following:

- Terminal Building & Environs
- Apron
- Runway and Taxiways
- Air Navigation Systems
- Cargo Operation
- General Aviation
- Fuel Farm
- Government Agencies including Fire Service/Immigration/ Customs Facilities

- Perimeter Security
- ATC Tower

3) Relocate the complete airport to a new site owned by the CIAA. Subsequently implement a phased programme of development based on a review of the existing master plan during the OBC process. The master plan will consider the complete airport including the following:

- Terminal Building & Environs
- Apron
- Runway and Taxiways
- Air Navigation Systems
- Cargo Operation
- General Aviation
- Fuel Farm
- Government Agencies including Fire Service/Immigration/ Customs Facilities
- Perimeter Security
- ATC Tower

4) Relocate the complete airport to a new site. Subsequently Implement a phased programme of development based on a master plan which is to be developed during the OBC process. The master plan will consider the complete airport including the following:

- Terminal Building & Environs
- Apron
- Runway and Taxiways
- Air Navigation Systems
- Cargo Operation
- General Aviation
- Fuel Farm
- Government Agencies including Fire Service/Immigration/ Customs Facilities
- Perimeter Security
- ATC Tower

Section 6: Costs, Benefits & Risks

- The OBC will establish the procurement method and this will determine the costs involved in the project.
- The cost of the project to CIAA will be dependent on the delivery option chosen. For the OBC stage, the major costs will be for the procurement of consultants and project management

costs. For subsequent stages the cost of consultants and project management will be a constant, but the method of handling the procurement and construction costs will be dependent on the delivery method.

- With new facilities in place it will be expected that operational costs will increase. These include operation and management of the facilities, security, safety, upkeep and maintenance, administrative functions (HR, Finance, IT, etc.), utilities, essential equipment and customer service. The extent of the increase is unknown at present as the detailed operational requirements of the new facility will have to be fully defined.
- Impact to Natural Environment - If the appropriate assessment and mitigation measures are not taken there is the potential for negative impacts on the environment.

Non-monetary Costs

- Inconvenience to public during construction
- Environmental impact

Benefits

The types of benefits that will have a positive impact when addressed include:

- Improved visitor experience
- Improved safety and security of passengers
- More efficient travel time
- Additional value for concession and other operations within the airport
- Increase in value for local businesses outside the airport area, due to spending by additional visitors
- The project will involve the local construction industry, and will create employment opportunities for Little Cayman residents, thus providing direct, indirect and induced economic impacts to GDP during the construction period
- Additional monetary benefits for the airport from increases in revenues from existing and new passengers
- Improved competitive positioning of the Sister Islands region
- New infrastructure will allow for new air service to be developed by existing and new airlines thereby increasing passenger arrivals

Risks

The following are the expected broad risks for the project during construction:

- Financing of Project Costs – The CIAA/CIG will be responsible for the costs of all phases of the project.
- Impact of Natural Disaster - The Cayman Islands is located in the hurricane belt and the impact of a hurricane or near miss would have a severe impact on the progress of the project.
- Socio-political risks – the social, economic and political atmosphere could change thereby impacting CIG's ability, and directive to address infrastructure expansion. Therefore it is recommended that this must be undertaken while the socio-political climate is favourable.

Section 7: Funding & Affordability

Due to the Government's inability to undertake conventional borrowing, the CIAA will have to explore several financing options ranging from self -finance through revenue generated by the PFC to private public partnership. This will be defined in the OBC process.

Independent professional advice will be required to prepare and develop the Outline Business Case, and the consultant services, both financial and technical, will be competitively tendered. CIG/CIAA will seek to utilize in- house expertise, for example for project management resources, to minimize consultant costs.

The current and prospective revenue streams of the CIAA will have to be reviewed to ensure adequate funding for the increased operational costs resulting from airport development.

End Little Cayman Airport

CAYMAN ISLANDS AIRPORTS AUTHORITY

STRATEGIC OUTLINE CASE

APPENDICES

Appendix 1	Cabinet Policy Guidance
Appendix 2	Steering Committee Terms of Reference
Appendix 3	List of Reference Materials

CAYMAN ISLANDS AIRPORTS AUTHORITY STRATEGIC OUTLINE CASE

Appendix 1 Cabinet Policy Guidance



Proposed Airports Redevelopment Project

Steering Group

Draft Cabinet Policy Guidance

The purpose of this document is to outline the broad policy direction that is to be followed by the Steering Group that is charged with the open, transparent and competitive procurement process for the Proposed Airports Redevelopment Project.

- 1. It is the Government's policy to further enhance the existing facilities for visitors arriving by air in order to improve the visitor experience upon arrival and departure, mitigate against a threat of losing existing visitors, and increase overall visitor numbers to the Cayman Islands.*
- 2. The Proposed Airports Redevelopment project will involve the two regulated airports being Owen Roberts International Airport and Charles Kirkconnell International Airport, and a new airport site on Little Cayman. The projects will be funded mainly from existing Airports Authority revenue streams.*
- 3. The Cayman Islands Government/Cayman Islands Airports Authority must retain full ownership of the Re-developed Airports.*
- 4. The Proposed Airports Redevelopment project is to include consideration of commercial and general aviation on all three islands. Master plans for each of the 3 airport sites, which will detail medium to long term needs based on projected growth in passenger arrivals and commercial traffic, are to be agreed.*

5. *There is to be no cap on the maximum number of visitors arriving by air, at this time. The current transportation infrastructure capacity for all three islands should be considered and a recommendation made based on the anticipated impact of the airports redevelopment project.*
6. *Pursuant to a transparent and accountable procurement process, the target operational date for the three redeveloped airports is as soon as possible. It is, however, recognized that available funding will not allow all projects to proceed simultaneously. Phasing of projects should therefore be addressed to suit project priorities and available funding.*

CAYMAN ISLANDS AIRPORTS AUTHORITY STRATEGIC OUTLINE CASE

Appendix 2 **Steering Committee Terms of Reference**



Proposed Airports Redevelopment Project **Steering Committee Terms of Reference**

Table of Contents

1.	Background.....	3
2.	Function of the Steering Committee.....	3
3.	Role of the Steering Committee.....	3
4.	Role of individual Steering Committee members.....	3
5.	General.....	4
5.1	Membership.....	4
5.2	Chair.....	5
5.3	Agenda Items.....	5
5.4	Minutes and Meeting Papers.....	5
5.5	Frequency of Meetings.....	6
5.6	Proxies to Meetings.....	6
5.7	Quorum Requirements.....	6

Background

The Cayman Islands Government wishes to address the immediate needs of airport facilities in order to improve the visitor experience upon arrival and departure, mitigate against a threat of losing existing visitors, increase overall visitor numbers to the Cayman Islands; and to address the long term needs of airport facilities through airport master planning.

Function of the Steering Committee

The function of the proposed airports redevelopment project Steering Committee is to take responsibility for the financial and technical issues associated with the project. The Steering Committee is responsible for approving budgetary and procurement strategy, defining and realising benefits, and monitoring risks, quality and timeliness.

Role of the Steering Committee

The role of the Steering Committee is to:

- take on the responsibility for the projects' feasibility, financial and technical plans, and achievement of outcomes
- ensure the projects remain aligned with Cayman Islands Government strategic aim(s) and policy objective(s)
- ensure the projects' scope aligns with the requirements of the stakeholder groups
- provide those directly involved in the projects with guidance on project business issues
- ensure effort and expenditure are appropriate to stakeholder expectations
- address any issue that has major implications for the projects
- keep the projects' scope under control as emergent issues force changes to be considered
- reconcile differences in opinion and approach, and resolve disputes arising from them
- report projects' progress on a monthly base to the Board of the Cayman Islands Airports Authority and the Deputy Governor so that Cabinet can be briefed on developments / issues.
- take on responsibility for any whole-of-government issues associated with the project
- review and approve final projects' deliverables

Role of individual Steering Committee members

The role of the individual member of the Committee includes:

- understanding the strategic implications and outcomes of initiatives being pursued through projects' outputs
- appreciating the significance of the projects for some or all major stakeholders and perhaps represent their interests
- be genuinely interested in the initiative and the outcomes being pursued in the projects
- be an advocate for the projects' outcomes
- have a broad understanding of project management issues and the approach being adopted
- be committed to, and actively involved in pursuing the projects' outcomes

-

In practice, this means that individual members will:

- ensure the requirements of stakeholders are met by the projects' outputs
- help balance conflicting priorities and resources
- provide guidance to the Project Team and users of the project's outputs
- consider ideas and issues raised
- review the progress of the projects
- check adherence of project activities to standards of best practice, both within the Government and in a wider context

General

Membership

The Steering Committee shall be comprised of:

- Stran Bodden - Permanent Secretary & Chief Officer Ministry of Tourism and Development (Chairman)
- Kerith McCoy – Acting Chief Executive Officer, Airports Authority
- Finance member - to be nominated
- Max Jones – Director, Public Works Department
- Jim Scott – Government Consultant – Project Manager of GOAP Project
- Project Manager – to be nominated
- Representatives from the Attorney General and Department for Environment, Auditor General and Internal Audit will be co-opted when required to offer advice.

Chair

The Chair, Mr Stran Bodden, Permanent Secretary & Chief Officer Ministry of Tourism and Development shall convene the Steering Committee meetings.

The responsibilities of the Steering Committee Chair are as follows:

- sets the agenda for each meeting.
- ensures that agendas and supporting materials are delivered to members in advance of meetings.
- makes the purpose of each meeting clear to members and explains the agenda at the beginning of each meeting.
- clarifies and summarizes what is happening throughout each meeting.
- keeps the meeting moving by putting time limits on each agenda items and keeping all meetings to two hours or less.
- encourages broad participation from members in discussion by calling on different people.

- ends each meeting with a summary of decisions and assignments.
- follows up with consistently absent members to determine if they wish to discontinue membership.
- finds replacements for members who discontinue participation.

Agenda Items

All Steering Committee agenda items must be forwarded to the Secretary by close of business 7 working days prior to the next scheduled meeting.

The Steering Committee agenda, with attached meeting papers will be distributed at least 5 working days prior to the next scheduled meeting.

The Chair has the right to refuse to list an item on the formal agenda, but members may raise an item under 'Other Business' if necessary and as time permits.

Minutes & Meeting Papers

The format of the Steering Committee deliberations shall be as Minutes.

The minutes of each Steering Committee meeting will be prepared by the Project Manager.

Full copies of the Minutes, including attachments, shall be provided to all Steering Committee members no later than 5 working days following each meeting.

By agreement of the Committee, out-of-session decisions will be deemed acceptable. Where agreed, all out-of-session decisions shall be recorded in the minutes of the next scheduled Steering Committee meeting.

Frequency of Meetings

The Steering Committee shall normally meet on a monthly basis ideally timed to coincide with key milestones, which will be set out in the Project Plan.

Proxies to Meetings

Members of the Steering Committee shall be able to nominate a proxy to attend a meeting if the member is unable to attend.

The Chair will be informed of the substitution at least 5 working days prior to the scheduled nominated meeting.

The nominated proxy shall have voting rights at the attended meeting. The nominated proxy shall provide relevant comments/feedback, of the Steering Committee member they are representing, to the attended meeting.

Quorum Requirements

A minimum of 3 Steering Committee members is required for the meeting to be recognised as an authorised meeting for the recommendations or resolutions to be valid.

CAYMAN ISLANDS AIRPORTS AUTHORITY STRATEGIC OUTLINE CASE

Appendix 3 List of Reference Materials

1. Jacobs Gibb – Owen Roberts Airport Proposal for the Provision of Master Plan Service – November 2001
2. Jacobs – Owen Roberts International Airport Grand Cayman Master Plan – November 2002
3. Jacobs – Owen Roberts International Airport Grand Cayman Master Plan – Modified February 2004
4. Reynolds Smith and Hill – Owen Roberts International Airport Master Plan – November 2007
5. Owen Roberts International Airport As Built Drawings
6. Island Air General Aviation Terminal Proposal
7. Charles Kirkconnell Expansion Drawings
8. Little Cayman Airport Master Plan
9. Cayman Islands Compendium of Statistics 2012
10. Department of Tourism Projections Information
11. Cayman Islands Airport Authority Statistics (passenger, cargo, aircraft)
12. Cayman Islands Airports Authority Financial Data (PFC)
13. National Tourism Management Plan 2009 – 2013
14. Deloitte Visitors Experience Assessment
15. Business Case Infrastructure Redevelopment ORIA -8 June 2012
16. CIAA Financial Returns 2011-2012 & 2012-2013
17. Landing, Parking, Air Navigation, and Departure Charges, ORIA & CKIA.

End SOC Document