

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 8 February 2016

<b>Portfolio:</b>	Policy and Resources
<b>Subject:</b>	<b>Award of Contract – Daedalus, Airport Operator</b>
<b>Report of:</b>	Director of Finance and Resources
<b>Strategy/Policy:</b>	Corporate Strategy
<b>Corporate Objective:</b>	To Maintain and extend prosperity A Dynamic, Prudent and Progressive Council

**Purpose:**

The purpose of this report is to describe the process for procuring a new contract for the management of the airfield at Daedalus and to seek approval to award the contract.

**Executive summary:**

When Fareham Borough Council acquired the airfield at Daedalus from the Homes and Communities Agency, it inherited a contract for the operation of the airfield with Regional and City Airports Management (RCAM). Initially, this short term contract was due to expire on 31<sup>st</sup> May 2015, but was subsequently extended until 31<sup>st</sup> March 2016. The Council has therefore now embarked on a process to procure a new contract to operate the airfield from 1<sup>st</sup> April 2016. This will be a 5 year contract with an option to extend for a further 5 years.

Five organisations bid for the contract and a brief evaluation of each bid is set out in confidential appendix A. The bids were evaluated in two parts; firstly, the quality of the bids was considered in terms of the future growth of a viable and vibrant airfield consistent with the Vision agreed by the Executive in October 2015. Secondly the evaluation examined the cost effectiveness of the bidders proposals, in terms of facilitating a position whereby the airfield can be financially sustainable by 2018.

**Recommendation:**

That the Executive agrees:

- (a) to award the contract to the bidder ranked in 1<sup>st</sup> position (as set out in Confidential Appendix A), this being the best combination of cost effectiveness and service quality in terms of taking the airfield forward in line with the Council's Vision; and
- (b) that the Director of Finance and Resources is given delegated authority to agree the detailed terms of the contract with the successful bidder.

**Reason:**

To provide airfield management services for Fareham Borough Council as specified in the contract documentation for a period of five years, with the option to extend by a further five years.

**Cost of proposals:**

Over the course of the contract the net cost to the Council will enable it to fulfil its aim of achieving financial sustainability for the airfield by 2018.

**Appendices:**                    **A: Confidential - Evaluation of individual bids**  
   **B: Confidential – Detailed financial summary of bids**

**Background papers:** Tender responses and file of correspondence

**Reference papers:**        FBC Vision for Daedalus

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## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	8 February 2016
<b>Subject:</b>	Award of Contract – Daedalus Airport Operator
<b>Briefing by:</b>	Director of Finance and Resources
<b>Portfolio:</b>	Policy and Resources

#### INTRODUCTION

1. When Fareham Borough Council acquired the airfield at Daedalus from the Homes and Communities Agency, it inherited a contract for the operation of the airfield with Regional and City Airports Management (RCAM). Initially, this short term contract was due to expire on 31<sup>st</sup> May 2015, but this was subsequently extended until 31<sup>st</sup> March 2016. The Council has therefore now embarked on a process to procure a new contract to operate the airfield from 1<sup>st</sup> April 2016. This will be a 5 year contract with an option to extend for a further 5 years.
2. This report describes the procurement process and timetable, the way in which the Council approached the process and the approach to determining a specification which was fit for purpose in appointing a suitable operator.

#### PROCUREMENT PROCESS AND TIMETABLE

3. The process adopted for this procurement was the OJEU compliant model known as a “competitive procedure with negotiation”. The process began with the publication of an advertisement inviting suitable operators to submit a Request to Participate. Potential bidders were provided with the full specification and contract terms at this early stage so that could gauge the scope of the tender, their capacity for complying with it and to enable them to begin preparatory work on their bid.
4. The next stage was to invite bidders to submit an initial formal tender. This was followed by a negotiation stage during which meetings were held with all bidders. Following this all bidders were invited to make their Best and Final Offer (BAFO)
5. The BAFOs have now been evaluated resulting in a recommendation to the Executive.
6. The timetable for the process is set out below:

Advert inviting Request to Participate	17 November
Request to Participate submitted by	3 December
Invite Initial Tender	4 December
Return of Initial Tender	15 December
Initial evaluation	16/17 December
Negotiation Meetings	7/8 January
Invite BAFO	13 January
Return of BAFO	20 January
Evaluation of BAFOs	21-25 January
Decision by Executive	9 February
Standstill and Call In periods	10 – 20 February
Mobilisation of contract	21 February – 31 March
Commence new contract	1 April

## **THE COUNCIL'S REQUIREMENTS AND SPECIFICATION**

7. Prior to finalising the specification for the contract, a number of steps were taken. First of all a firm of specialist aviation consultants were commissioned to advise the Council. The consultants, who have experience both in the field of general aviation and in commercial aviation, reviewed the draft specification, made comments and signed off the final version as being fit for purpose. This was considered to be an essential step to ensure that the specification was fully informed by an appropriate level of aviation expertise which does not currently exist in the Council. The consultants also attended the negotiation meetings and assisted in the evaluation of the bids from an aviation perspective.
8. Secondly, a number of soft market testing meetings were held with the existing airfield operator and three other potential bidders. The purpose of these meetings was to assess the appetite for the work within the aviation sector and to seek some information about what prospective tenderers would expect to see in the specification.
9. Finally, the way in which the current contract operates was reviewed to ensure that good practice was carried forward and that lessons were learnt about how a future contract should operate, particularly with regard to cost effectiveness, efficiency, safety and security and providing a welcoming environment for visitors.
10. The specification required the operator to adhere to a basic set of principles in relation to the operation of the airfield. These were that the airfield should be:
  - Safe
  - Secure

- Compliant with CAA Regulations
  - Efficient
  - Cost effective
  - Customer friendly
  - Able to develop and grow within the context of the Council's overall Vision
  - A good neighbour
11. With these principles in mind, a detailed specification was developed. This had two distinct facets. The first required activities which are standard to the operation of any airfield. These included liaison with the CAA; operating the existing Air to Ground Communication service and preparing for the introduction of an upgraded Flight Information Service; providing a safe and secure environment in which the airfield could operate; operating a fire fighting service; providing a wildlife management service; airfield tenants and users on operational matters; recording flight movements and collecting fees and charges.
12. The second related to activities which facilitated the Council's Vision to grow the airfield to attract more visitors, develop its potential for more corporate aviation and attract more resident aviation business. Bidders were provided with assumptions about how the Council wished to develop the airfield during the course of the contract through the provision of visitor facilities, the introduction of a corporate handling service, consolidating fuel supply arrangements, upgrading the air traffic control system, providing navigational aids and installing aeronautical ground lighting. In relation to this, bidders were asked an open ended question concerning their approach to the management of the airfield, the added value they could bring and how they could help to realise the Council's Vision. They were asked to take these assumptions into account in the way in which they put together their bid and the way in which they framed their financial proposals.
13. A total of six firms responded to the Request to Participate, one of whom decided not to submit an initial tender. The remaining five all submitted initial tenders within the deadline and were subsequently invited to a Negotiation Meeting. These meetings took place over the course of two days, 7<sup>th</sup> and 8<sup>th</sup> January. Each bidder made a presentation of their proposals and a discussion was held which highlighted issues within their tender, including its strengths and weaknesses. Each bidder was then asked to submit a Best and Final Offer which took into account the discussions at the Negotiation meeting. All five submitted A BAFO by the deadline of 20<sup>th</sup> January.

## **EVALUATION CRITERIA**

14. The Council's criteria for evaluating the bids were made clear at the outset of the process. 30% of the marks were awarded on the basis of the bidders financial proposals. Bidders were asked to complete a financial pro forma which included their fixed costs, including staffing costs and management fee, their likely variable costs, which depended on how the airfield developed and their projected income. The bottom line was the overall profit or loss they expected to generate over the course of the contract.

The remaining 70% of the marks were awarded on the basis of service quality. The highest proportion of these (30%) were awarded for the bidders overall approach to the management and growth of the airfield and the added value they could bring in realising the airfield's potential. The remaining marks covered the experience and expertise of the bidder (15%), their proposals for management, organisation and resources (10%), their approach to safety (10%) and their proposals for a new framework for landing fees

and charges (5%). Following the evaluation process, a score was awarded to each bidder and these are described briefly in confidential appendix A.

## **CONCLUSIONS**

15. The recommendation to award the contract to the bidder ranked in 1<sup>st</sup> position (see confidential Appendix A) was reached after a comprehensive procurement process assisted by a consultant with extensive experience in both general and corporate aviation.
16. As noted in paragraph, the contract period is for 5 years with an option to extend for a further 5 years.
17. By 2021, part of the rationale for agreeing to an extension rather than seeking a new operator will be how far the operator has succeeded in helping the Council to achieve its Vision for the future of the airfield and how far it has lived up to the principles set out in paragraph 10 of this report.
18. Essentially, within 5 years the airfield should be a very different prospect to what it is now. It should be a vibrant airfield which attracts many more visitors than it does today, both in terms of corporate and general aviation customers. It should be the home base for more aviation based businesses, covering the maintenance and manufacture and handling of aircraft. It should have the facilities which make it a good quality airfield which compares favourably with others in southern England which are currently seen as reaching the “gold standard”. These facilities will include a café/restaurant, an upgraded Air Traffic Control system and improved navigational aids and runway lighting. It will be an integral part of the local community, attracting local residents to use its facilities. Finally, it will generate sufficient income which along with income from service charges and rental income from both existing and newer airfield tenants will enable the airfield to achieve financial sustainability by 2018.
19. This will enable the Council to move confidently towards the next phase of the development of the airfield and its immediate environs.

### **Enquiries:**

For further information on this report please contact Andy Wannell (Ext 4620)