



ST HELENA GOVERNMENT

**Jamestown
St Helena Island
South Atlantic Ocean
STHL 1ZZ**

June 2014

Information Memorandum (IM)

**associated with the
Pre-Qualification Questionnaire (PQQ)
for**

Air Services to St Helena



1. PURPOSE OF THIS DOCUMENT

This Information Memorandum is supplied by the St Helena Government (SHG) to provide context for the pre-qualification process and to assist potential suppliers in the preparation and submission of their Pre-Qualification Questionnaire (PQQ) in connection with the provision of air services to St Helena. The information contained herein is property of SHG and must not be used for any purpose other than that connected with this process.

The Information Memorandum comprises the following sections:

- i. General Information
- ii. Background
- iii. Legislative and Regulatory Environment
- iv. The Requirement
- v. The Airport
- vi. Airport Operations
- vii. Operational constraints
- viii. Market analysis
- ix. Procurement process
- x. Timetable
- xi. Evaluation of the Invitation to Tender

2. GENERAL INFORMATION

Disclaimer

The information contained in this Information Memorandum is believed to be correct at the time of issue but neither the St Helena Government (SHG) nor their advisors will accept any liability for its accuracy, adequacy or completeness and no warranty is given as such. SHG reserves the right to amend or vary any area of this document during the course of the procurement and in particular as a result of the evaluation phase with Pre-Qualified Respondents.

Confidentiality

All information provided in the PQQ, particularly financial information, shall remain confidential between the organisation and SHG and its advisors. SHG will not share this information with any other organisations or Public Bodies without the permission of the organisation.

Communications

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Respondents to the associated PQQ are required to respect the confidentiality of the process and must not seek to gain advantage by discussing this process or any potential bid with the Press, any UK or St Helena Government official involved in the process or Air Safety Support International. Under no circumstances should direct contact be made with anyone else regarding this process without the prior arrangement or agreement of the SHG Corporate Procurement Adviser.

Acronyms and Definitions

ASSI:	Air Safety Support International, the safety and security regulator for the UK Overseas Territories, including St Helena
DFID:	The UK Government's Department for International Development
ETOPS:	Extended Range Twin Engine Operations
Hub airport:	An international airport with direct flights to cities in more than one continent
IM:	The Information Memorandum which describes the regulatory and economic environment for the air services provision, and the process through which an air services provider will be selected
ITT:	Invitation To Tender, the document that will be issued to pre-qualified respondents following evaluation of the PQQ
OTAR:	Overseas Territories Aviation Requirements; the means of compliance with the Air Navigation (Overseas Territories) Order
PQQ:	Pre-Qualification Questionnaire, the document that, in conjunction with the Information Memorandum comprises Stage 1 of the air services provision process
Saints:	Those individuals with the right of abode in St Helena
SHG:	St Helena Government



3. BACKGROUND

St Helena is one of the world's most remote populated islands, located in the South Atlantic Ocean approximately 1,200 miles from the African continent. It is an island of volcanic origin and is a British Overseas Territory with a population of approximately 4,000. The islands of Ascension Island and Tristan da Cunha are parts of the Overseas Territory.

Today, St Helena is only accessible by sea using the Royal Mail Ship (RMS) St Helena. The RMS St Helena round trip from Cape Town in South Africa takes eighteen days, which includes the connecting voyage to Ascension Island, situated approximately 700 nautical miles north-west of St Helena.

In November 2011, the UK's Department for International Development (DFID) and SHG approved the construction of an airport on St Helena, with a contract signed with Basil Read, a South African construction company immediately afterwards. This is a Design, Build, Operate contract, with Basil Read managing the operation of the airport for ten years following construction.

The airport is scheduled to be operational from February 2016.

4. LEGISLATIVE AND REGULATORY ENVIRONMENT

St Helena is an internally self-governing Overseas Territory of the United Kingdom and part of the group of Islands with Ascension Island and Tristan da Cunha.

St Helena has its own legislature, headed by the Governor as the representative of the Crown. The legislature has the authority to make detailed Rules, Regulations, or Orders known as Ordinances under the authority of St Helena's Constitution.

St Helena is constitutionally part of the United Kingdom, but is not part of the European Union; this has implications for air services between St Helena and other countries, other than the United Kingdom.

Civil aviation in St Helena is governed through legislation, primarily the Air Navigation (Overseas Territories) Order 2013, which gives effect to the Chicago Convention, its associated annexes, and Standards and Recommended Practices.

The Air Navigation (Overseas Territories) Order authorises the Governor to delegate certain regulatory functions. This delegation has been adopted for St Helena, with Air Safety Support International (ASSI), a subsidiary of the UK's Civil Aviation Authority, fulfilling the role of Director of Civil Aviation in addition to the organisation's regulatory oversight functions for safety and security.



ASSI is responsible for the publication of Overseas Territories Aviation Requirements (OTARs) which detail the means of compliance with the Air Navigation (Overseas Territories) Order.

Details of the applicable legislation, OTARs and associated guidance documents are available through the ASSI website: www.airsafety.aero.

St Helena Airport will be licensed by ASSI, following the certification process outlined in OTAR Part 139: Certification of Aerodromes. The licence will be issued to Basil Read, which has contracted with Lanseria International Airport, Johannesburg, to provide management and support to operational services throughout the operating phase of the Design, Build and Operate contract.

5. THE REQUIREMENT

Following certification of the airport, the Government subsidy of sea access using the RMS St Helena will cease. The St Helena Government is seeking to award a contract to a suitable qualified organisation to provide air access to the island. The contract period will be for up to five years. The following requirements have been identified:

Essential (“Minimum Standards”)

- i. An air service, operating a minimum of a weekly service, throughout the year;
- ii. The air service should be to a recognised international hub airport, providing connectivity to regional and intercontinental services from that airport;
- iii. Seating capacity which, when combined with the proposed configuration and frequency, meets the passenger demands set out in Section 9 of the Information Memorandum, Table 9, including allowance for seasonal variations.
- iv. A method of selling and distributing passenger tickets appropriate to the travel requirements of the key demand segments;
- v. An air service that can address the island’s needs for medical transfers to enhanced hospital facilities, including transfer of wheel-chair passengers;
- vi. A service that will help to deliver St Helena’s objective to develop the island’s tourist market.
- vii. A fare structure that is consistent with promoting tourism growth (which will involve discussions and agreement with the St Helena Government);
- viii. The ability to transport other items required as part of the airport’s operation, including fuel samples in support of the testing of aviation fuel.

Desirable

- i. The ability to accommodate services to Ascension Island, on a reduced frequency, to meet the travel needs of St Helena nationals (‘Saints’) employed on Ascension Island and in the Falkland Islands;
- ii. The ability to carry import and export cargo to St Helena. This is likely to include perishable commodities to the island and, potentially, fish exports from St Helena;
- iii. The ability, with prior notice, to provide Medevac services for stretcher bound patients;
- iv. The ability, with prior notice, to transport domestic pets and small livestock (chicks etc.)
- v. A willingness to commit resources to the development and execution of a marketing plan, in association with SHG, St Helena Tourism, Enterprise St Helena and their advisers;



vi. The employment of suitably qualified Saints wherever possible.

6. THE AIRPORT

St Helena Airport is located on the eastern side of the island, on Prosperous Bay Plain.



Airport characteristics

St Helena Airport is categorised as a Code 4D airport, though the runway length and distance to the nearest airport limit operations to aircraft up to the size of the Boeing B757-200 and Lockheed L100-30. The airport will be classified as complying with Rescue & Fire Fighting Services (RFFS) Category 7.

The runway dimensions are as follows:

Runway	Take-off Available (TORA)	Run	Accelerate Stop Distance Available (ASDA)	Take-off Distance Available (TODA)	Landing Distance Available (LDA)
20	1,850 metres		1,850 metres	2,775 metres	1,550 metres
02	1,650 metres		1,650 metres	2,425 metres	1,550 metres

Table 1: Runway Dimensions

The runway width will be 45 metres, with shoulders of 7.5 metres either side of the runway. The taxi-way width and shoulders comply with Code 4D requirements.

The runway surface will be 'grooved' as a means of improving aircraft braking performance under wet conditions. Turn-pads will be available at both ends of the runway.



Subject to final survey, the airport's elevation will be approximately 993 feet (303 metres).

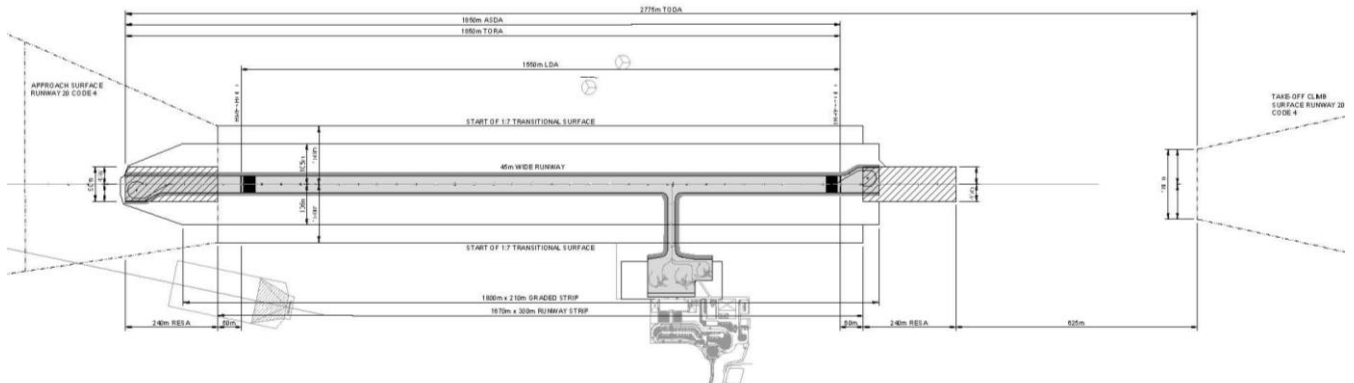


Figure 1: Runway 20

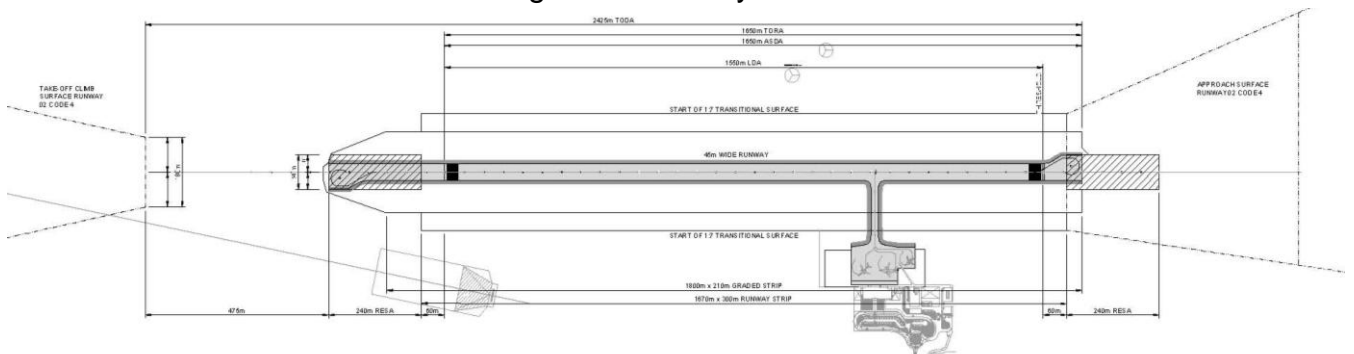


Figure 2: Runway 02

Obstacles

The topography of St Helena limited potential locations for the airport. The selected site represented the optimal solution in terms of runway length. However, the mountainous region to the west of the airport site contains a significant number of obstacles, as defined by ICAO Annex 14.

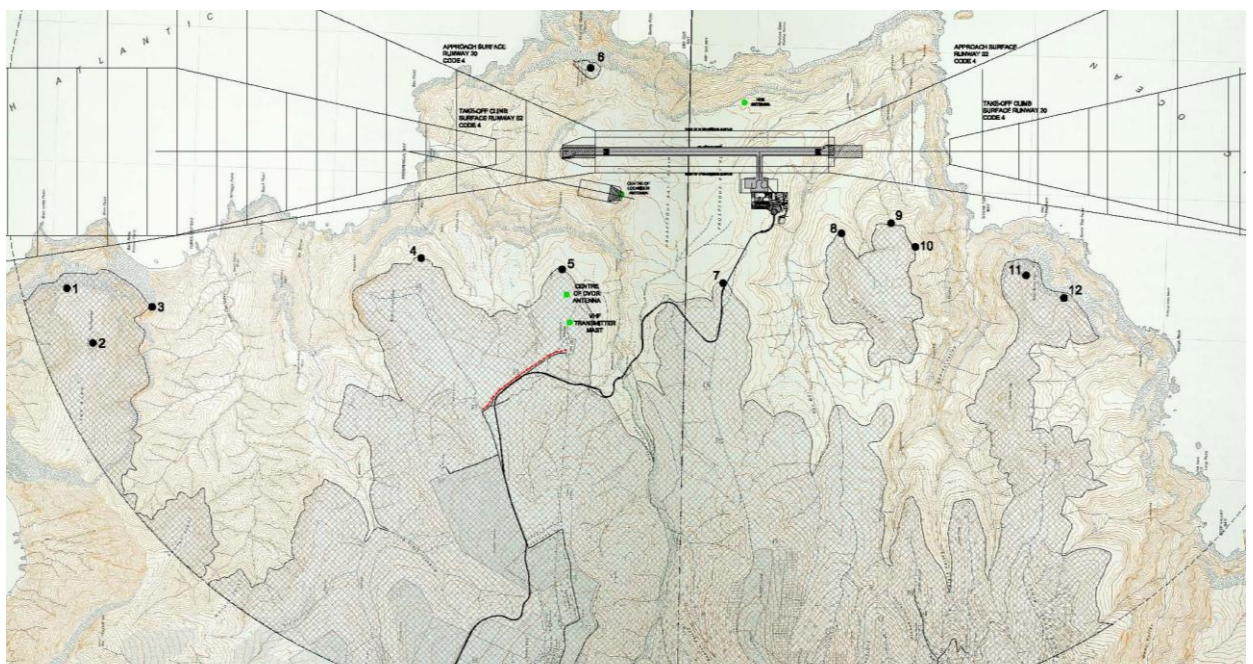


Figure 3: Obstacles



In addition, the presence of the “Barn” on the straight-in approach path to the airport from the north (which is likely to be used for more than 95% of landings) has implications for instrument flight procedures design and minimum descent heights. Similarly Great Stone Top to the south will have implications for the southern approach.

Details of all the obstacles, subject to final survey, can be made available if required.

Navigational aids

St Helena Airport will be equipped with the following navigational aids:

Runway	Aid	Obstacle Clearance Height (OCH) anticipated	Comment
20	Localiser/DME	477 feet	The localiser is offset by 15 degrees due to the presence of obstacles to the west of the airport. The OCH assumes a 5% missed approach climb gradient
20	VOR/DME	1,367 feet	The VOR/DME station is not located on the airport
20	GBAS	457 feet	St Helena will be equipped with a Ground Based Augmentation System. The availability of this navigation aid is subject to regulatory approval from ASSI
02	VOR/DME	881 feet	The VOR/DME station is not located on the airport
02	GBAS	808 feet	St Helena will be equipped with a Ground Based Augmentation System. The availability of this navigation aid is subject to regulatory approval from ASSI

Table 2: Navigational Aids

Weather data

Weather data are collected as part of the construction contract. In addition, studies have been carried out on cloud base and coverage; wind velocity and some limited analysis of precipitation. This information is provided below.

It should be noted that some of the data recordings were obtained from the St Helena Government MET station at Bottom Woods. This station is approximately one kilometre from the airport site, and higher than the aerodrome, likely resulting in different readings than may apply to the airport itself.

Temperature -

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Rainfall - Prosperous Bay Plain is arid, with relatively low levels of rainfall compared to the rest of the island, in part due to the topography of St Helena and the prevailing south-



easterly winds. The table below summarises data gathered from the Bottom Woods MET station as an indication of the number of days when precipitation was recorded at the site.

Recorded rain days per month

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2011	16	16	13	14	13	16	8	12	7	10	15	12	152
2010	14	12	20	18	12	16	22	14	20	9	12	12	181
2009	16	11	11	10	12	19	16	16	13	8	8	13	153
2008	15	17	21	13	17	20	15	14	18	16	15	12	193
Average	15.3	14.0	16.3	13.8	13.5	17.8	15.3	14.0	14.5	10.8	12.5	12.3	169.8

Recorded rain (>1mm) days per month

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2011	11	12	11	9	7	16	6	10	3	7	6	7	105
2010	9	6	14	12	7	10	12	10	8	6	9	8	111
2009	10	6	8	7	6	16	9	13	8	5	5	7	100
2008	4	9	13	6	14	13	13	10	13	11	10	8	124
Average	8.5	8.3	11.5	8.5	8.5	13.8	10.0	10.8	8.0	7.3	7.5	7.5	110.0

Table 3: Rain Days and Rainfall

Data gathered by the AWOS equipment in 2012 indicate that total annual rainfall at the airport site is less than 200mm.

Respondents should exercise caution in relying on ‘dry runway’ performance calculations for aircraft performance if this would result in unbalanced passenger loads to and from St Helena or potentially affect passenger loads on a seasonal basis.

Cloud cover – The table below was prepared from data gathered from the airport site automatic observation station. It summarises the frequency of cloud cover, by extent and altitude above the airport site.

Probability of Occurrence											Sum
		Clear	1/8th	2/8th	3/8th	4/8th	5/8th	6/8th	7/8th	8/8th	
Cloud Level [ft] LESS THAN	500		0.40%	0.56%	0.46%	0.67%	0.47%	0.67%	0.54%	0.40%	4.17%
	800	0.00%	0.61%	0.64%	0.66%	0.78%	0.75%	1.05%	0.83%	0.35%	5.67%
	1000		0.61%	0.75%	0.60%	1.01%	0.87%	1.17%	0.86%	0.32%	6.19%
	1200		0.63%	0.95%	0.94%	1.25%	1.11%	1.16%	0.86%	0.41%	7.31%
	1500	0.01%	1.49%	1.87%	1.59%	2.10%	1.66%	1.65%	1.33%	1.29%	12.99%
	2000	0.03%	2.64%	2.88%	2.14%	2.56%	1.99%	1.90%	1.41%	2.12%	17.67%
	2500	0.04%	2.23%	2.42%	1.68%	1.71%	1.09%	1.29%	1.10%	2.64%	14.20%
	25,000	0.36%	8.54%	6.27%	3.41%	3.18%	2.25%	2.70%	2.12%	2.99%	31.82%
Sum		0.44%	17.15%	16.34%	11.48%	13.26%	10.19%	11.59%	9.05%	10.52%	



Table 4: Cloud Height/Cover joint probability distribution. 8am-4pm only

Wind - The prevailing winds at the airport site are from the south-east, with the balance primarily from the east. The wind rose below summarises data from the airport site automatic observation station. (Based on wind data at Bottom Woods from 1999 to 2013. Data from the Automatic Weather Observation Station at the airport site post 2012 shows good correlation.)

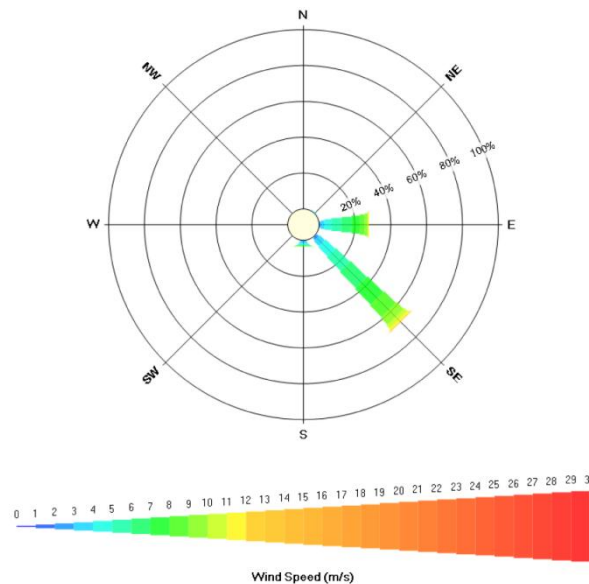


Figure 4: Prevailing Winds

AIRPORT OPERATIONS

St Helena Airport will be managed and supported by Lanseria International Airport, under contract from Basil Read, the licence holder.

Opening hours

The contract with Basil Read stipulates the required availability of the airport and its services. These are currently based on a minimum weekly frequency.

On Contracted Flying Days, which are days when the Scheduled Air Service is scheduled to operate, the airport will remain open between the hours of 08:00 and 18:00.

St Helena Airport will be restricted to day-time only operations.

Additional flights to the island will be on a Prior Permission Required basis, with the requirements of the scheduled service(s) paramount.

Ramp services

Ramp services, with the exception of refuelling, will be provided by airport staff.

The apron area will be marked so as to permit two passenger jet aircraft to be parked at the same time. The apron is sized to allow for 'power-in' and 'power-out' operations by



one Boeing B757-200 and one Boeing 737-800 (or Airbus A320) at the same time, with limited additional space for parking. (Respondents should note that the current proposed runway configuration places severe weight restrictions on the Boeing 737-800 and Airbus A320 which are likely to preclude commercial operations by these aircraft. The apron has been sized to accommodate these aircraft to allow for future expansion of the runway.) The total area of the apron will be 13,126 m².

The airport will make the following services available to airlines and other aircraft operators:

- Marshalling (including 'wing-walking' if required);
- Chocks and cones;
- Lavatory servicing;
- Potable water replenishment;
- Unloading and loading of passenger baggage and cargo;
- Cabin cleaning services;
- Cargo handling services, including acceptance, security, preparation for flight, documentation and compliance with dangerous goods regulations;
- Baggage and passenger screening.

While not currently contracted, arrangements may also be made for passenger check-in services, including the production of passenger manifests.

Refuelling

Refuelling services (JET A-1 only) will be provided by a separate organisation, contracted by the St Helena Government. This organisation is responsible for:

- The provision and storage of adequate supplies of aviation turbine fuel;
- Into-plane supply, using bowsers;
- All required testing of supplies to ensure compliance with international standards. The air services provider will be required to work with the fuel supplier to transport samples of fuel for testing off-island as necessary.

Maintenance

There are no maintenance facilities, including hangars, planned for the airport at opening.

The air services provider will be required to identify any requirements to support the services, which may include the inclusion of an engineer on board the aircraft, authorised to sign off on any maintenance tasks in accordance with the airline's and the airline regulator's requirements.

St Helena Airport is willing to provide a limited amount of storage space at the airport to assist the air services provider with consigning certain items at the airport. The air services provider will be required to identify the quantity and type of any such spares (including equipment such as aircraft jacks or tow-bars), their storage and security requirements and any other relevant aspect.



Aircraft catering

There are currently no aircraft catering facilities planned for the airport.

The air services provider will be required to propose a solution as to how passenger and crew catering for the return flights from St Helena will be managed. This may include the need for double catering from the point of origin, with waste products from the inbound flight carried off the island.

Selected respondents will be required to identify any requirements or restrictions they may have with respect to aircraft catering at the Invitation to Tender stage of this process.

MET services

MET services will be provided at St Helena Airport in compliance with ICAO Annex 3.

The St Helena Government is in the process of contracting with a commercial services provider for MET forecasting.

MET observations will be provided at the airport by trained observers, supported by an Automatic Weather Observation System (AWOS).

During Stage 3 of this process, discussions will be held to identify specific airline operational requirements in connection with forecast frequency, communication requirements ahead of arrival and other MET related issues.

7. OPERATIONAL CONSTRAINTS

ETOPS

Flights to St Helena will be subject to ETOPS regulations, with exact requirements depending on the point of origin, aircraft type and route options.

Preliminary analysis, which should not be used without verification by any organisation submitting a PQQ, indicates that:

- Flights from Southern Africa will require 90 minute approvals, possibly extending to 120 minutes unless an extended routing is used;
- Flights from Europe will require 120 minute approvals;
- Flights from South America will require 180 minute approvals.

It is an important consideration, at this PQQ stage, that organisations submitting proposals have fully assessed and understood the ETOPS requirements for flights to St Helena, from an operational perspective rather than a strictly planning one.

Flight time limitations

Flight time limitations for services to St Helena should be assessed against the airline's regulatory requirements.



Turnaround times of less than 90 minutes may not be possible at St Helena. This needs to be included in calculations of crew numbers, complement and any night-stop requirements.

The availability of hotel accommodation on the island, particularly in the early years of service, is expected to be limited, which will impact on any planned crew night-stops.

Fuel reserves

The remote location of St Helena should be taken into account when assessing fuel reserves for the proposed operation. This should also be assessed against any take-off and landing weight restrictions that the proposed aircraft type may have, and any consequent reduction in passenger or cargo payloads.

Two options for fuel reserve policies have been reviewed; the PQQ response should assess the most relevant to the outline solution:

- 'Island reserves', incorporating two hours' cruise fuel burn plus contingency reserves;
- A diversion to Ascension Island, within the limitations discussed below.

Discussions during Stage 3 of this process will seek to understand any specific airline operational limitations on navigational aids, MET forecasting and observation requirements, communications between St Helena and the aircraft prior to arrival at St Helena.

Ascension Island availability

Operations to Ascension Island are governed by the Wideawake Agreement between the United States and United Kingdom Governments. The aerodrome is classified as a Government aerodrome in the Air Navigation (Overseas Territories) Order.

Air Traffic Control is provided by the US Department of Defense; ground handling is provided by civilian contractors working for the UK's Ministry of Defence.

Scheduled services are currently limited. The use of the aerodrome as a nominated diversion is the subject of on-going discussions between the two Governments, with an outcome expected at least a year in advance of operations under this contract. For the purposes of this tender respondents should assume that Wideawake Airfield will be available both as a designated alternate and for domestic services between St Helena and Ascension only. **Wideawake Airfield will not be considered as a technical or revenue stop, or for refuelling (except in emergencies).** In accordance with international law, the aerodrome would be available in any event for dealing with an emergency.



8. MARKET ANALYSIS

Background

St Helena has historically only been accessible by sea, either via the RMS St Helena or by visiting yachts and cruise ships. The availability of data to determine potential air service demand is, therefore, restricted.

Arrivals from the RMS St Helena represent the following principal groups:

- Saints travelling back to the island following an overseas trip;
- Visiting friends and relatives, primarily from the UK and South Africa;
- Saints employed on Ascension Island and the Falkland Islands returning to St Helena in accordance with their terms of employment;
- Foreign visitors to the island, possibly combining the RMS voyage as an integral component of the holiday;
- Government and business travellers.

The following tables summarise the data on RMS passengers, showing total numbers by category and data on foreign visitors.

RMS St Helena Traffic	Arrivals by Segment					Growth Potential	
	2010	2011	2012	2013	Average	Short term	Mid-Long term
Transit (ASI < > CPT)	9	31	74	44	40	o	o
Returning Saints from ASI*	542	665	749	754	677	o	o
Returning Saints from RoW*	92	113	125	121	113	++	o
Visiting Friends / Relatives (VER)	483	588	648	596	579	++	+
Sub-total	1,117	1,365	1,522	1,471	1,369		
Business	325	368	570	712	494	+	+
Tourism	1,025	778	565	667	759	++	++
Sub-total	1,350	1,146	1,135	1,379	1,253		
Total - RMS St Helena	2,476	2,542	2,731	2,894	2,661		
Non RMS St Helena (Yacht)	538	671	595	687	623	o	o
Total	3,014	3,213	3,326	3,581	3,284		



RMS St Helena Traffic	Arrivals by Nationality					
Arrivals by Nationality	2010	2011	2012	Average	Share (2012)	Share (Average)
UK	678	504	318	500	31%	40%
South Africa	455	404	336	398	33%	32%
USA	98	76	83	86	8%	7%
France	75	106	50	77	5%	6%
Germany	42	61	49	51	5%	4%
Australia	31	22	53	35	5%	3%
Canada	17	45	21	28	2%	2%
Netherlands	15	22	22	20	2%	2%
Switzerland	23	14	18	18	2%	1%
Sweden	9	10	28	16	3%	1%
Italy	11	15	17	14	2%	1%
Denmark	11	9	19	13	2%	1%
Total	1,465	1,288	1,014	1,256	100%	100%

Table 5: Arrivals by Segment and Nationality

The opening of the airport is expected to have a substantial effect on visitor numbers to St Helena, but in the absence of accurate data, it is difficult to forecast with any certainty.

The UK and St Helena Governments have commissioned a number of studies into potential demand for travel following the airport opening.

Original work by Atkins in 2004, which included primary research into travel by Saints, a survey of tour operators and a study of a number of similar island destinations was reviewed by Team Tourism and used as the baseline for the NERA economic analysis supporting the airport development.

Year	Visitors	VFR	Business	Total
2016	1493	5330	311	7134
2017	1717	5543	317	7577
2018	2490	5765	323	8578
2019	3984	5995	330	10309
2020	6375	6235	336	12946

Table 6: NERA passenger projections (2011)

Following approval of the airport, additional work was undertaken by The Journey Tourism and Enterprise St Helena, a body set up by the St Helena Government to drive forward tourism and economic development. The work by The Journey Tourism also included



primary research and presented three scenarios, depending on the rate and scale of development of the tourism product and tourist accommodation on the island.

Organic Growth (based on accommodation being provided solely by guest house/self-catering units)					
Year	Off-island Saints	On-island Saints	Business	Visitors	Total
2016	1600	600	800	1400	4400
2017	1600	600	700	1800	4700
2018	1600	600	900	2100	5200
2019	1600	600	700	2300	5200
2020	1600	600	700	2600	5500
Medium Growth (based on development of a single 45 bedroom hotel on the island)					
Year	Off-island Saints	On-island Saints	Business	Visitors	Total
2016	1600	600	800	2000	5000
2017	1600	600	700	4300	7300
2018	1600	600	900	5600	8700
2019	1600	600	800	6600	9600
2020	1600	600	800	7700	10700
Rapid Growth (based on the development of three main hotels (one 45 bedroom, one 65 and one 113))					
Year	Off-island Saints	On-island Saints	Business	Visitors	Total
2016	1600	600	800	6400	9400
2017	1600	600	800	8600	11600
2018	1600	600	922	19400	22500
2019	1600	600	798	20500	23500
2020	1600	600	798	21700	24700

Table 7: The Journey Tourism passenger projections (2013)

The analyses generally reach similar conclusions in that a number of facilitating factors need to be in place as part of the development of the island.

Tourist Accommodation

Current tourist accommodation on St Helena is severely limited, as set out in the following table.

Meeting the visitor targets relies on an expansion of island resources and hotel capacity. The island is currently looking to improve its tourist accommodation. Feasibility studies for potential hotel sites in Jamestown and Ladder Hill were completed in 2012, and preliminary designs for new tourist accommodation in Jamestown will be completed shortly. In parallel with the design work the St Helena Government is investigating funding and construction options with the aim of completing a 45 to 65 bedroom hotel on or around the opening of the airport. The timescales for this are challenging.



Summary of Existing Hotels And Other Serviced Accomodation - St Helena

Map Ref	Hotel Name	Branding/ Operator	Star Grading	Number of Rooms	Number en suite	Location	Restaurant / Bar
Hotels							
1	Consulate Hotel	independent	3*	18	18	Jamestown	1/1
2	Wellington House	independent	2*	6	-	Jamestown	1/-
3	Farm Lodge Country House	independent	4*	5	5	St Paul's	-/-
				3	29	23	
Guesthouses							
4	Harris's Guest House	independent	1*	3	1	Jamestown	1/-
5	Harlyn B&B	independent	1*	1	1	Half Tree Hollow	-/-
6	Willowdene B&B	independent	1*	3	2	Alarm Forest	-/-
7	The Town House	independent	1*	5	3	Jamestown	-/-
				4	12	7	
Self Catering							
35x premises			s/c	72		various	-/-

Table 8: Summary of Existing Hotels and Other Serviced Accommodation

In parallel with this a private sector developer, SHELCO, has received outline planning permission for their Wirebird Hills hotel and golf course development in the west of the island, and have stated their intention to commence development of the first phase.

Market development and air services

The St Helena Government and agencies including St Helena Tourism and Enterprise St Helena will seek to work with the selected air service provider to develop and implement a marketing plan.

This is expected to identify options for the island, including:

- Joint fares and holidays over the selected hub airport to increase the potential passenger base;
- Affordability criteria being evaluated as part of the air service provider contract process to meet the pricing needs of potential visitors;
- Joint promotional activities involving the air services provider, the St Helena Government and any international hotel chains involved in owning or managing hotels on the island.

Previous work on segmentation analysis of future demand identified the following key groups of potential travellers. The Government would seek to work with the selected air services provider to prioritise these segments and develop an appropriate marketing plan.

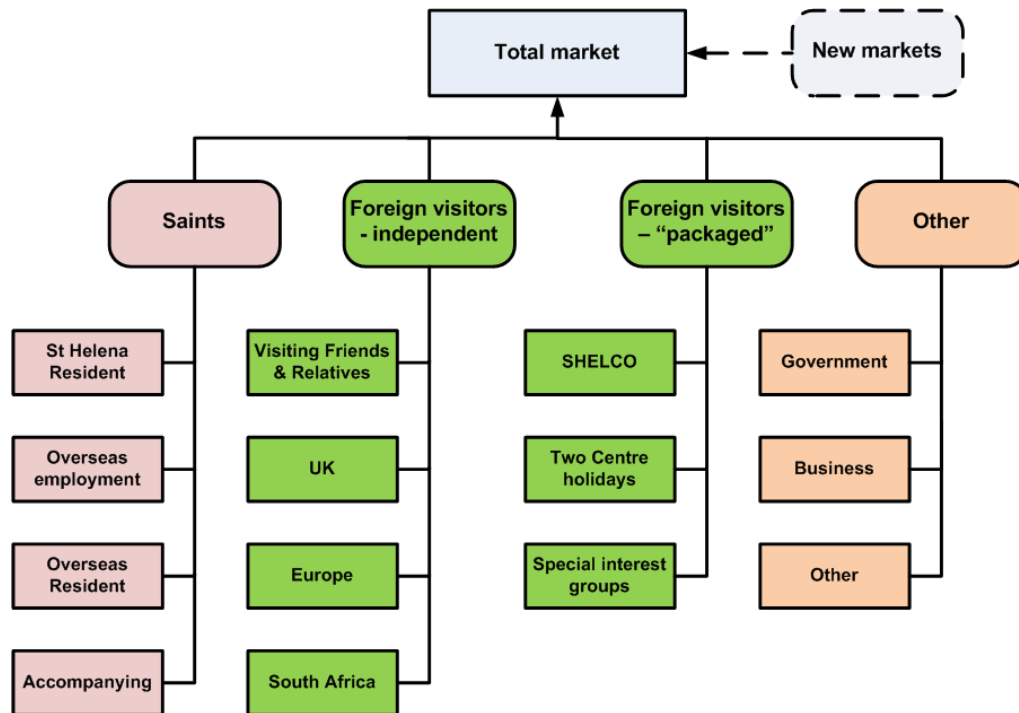


Figure 5: Sources of Traffic Demand

Maintaining access to Ascension Island

Ascension Island traffic requirements will be met by one of the following methods:

- Extending the flights to St Helena to include a domestic flight between the two islands on a reduced frequency basis;
- Alternative flight arrangements to be put in place by the St Helena and Ascension Island Governments, as a stand-alone operation;
- Sea transport under arrangements put in place by the St Helena and Ascension Island Governments.

Inputs at Pre-Qualification Stage

In the absence of verifiable data on potential demand, and limited examples of similar destinations in other parts of the world on which assumptions could be built, for the purposes of the pre-qualification stage of this tender, respondents should base their responses on the following characteristics for year 1 operations:

- A single weekly frequency from a recognised international hub;
- Seating capacity which, when combined with the proposed configuration and frequency, meets the passenger demands set out in Table 9 below, including allowance for seasonal variations.;
- Balanced passenger loads in and out of St Helena, taking account of any operational constraints that exist at the airport for the selected aircraft type;
- A maximum of a single technical stop between St Helena and the selected gateway, in each direction;



Similarly, for the purposes of the pre-qualification stage of this tender, respondents should assume growth in passenger numbers will follow The Journey Tourism Medium Growth scenario, set out in Table 9 below.

Year	Off-island Saints	On-island Saints	Business	Visitors	Total
2016	1600	600	800	2000	5000
2017	1600	600	700	4300	7300
2018	1600	600	900	5600	8700
2019	1600	600	800	6600	9600
2020	1600	600	800	7700	10700

Table 9: Forecast Medium Growth Scenario

Respondents should provide comments on how the proposed solution best meets the forecast figures and identify options to address increases or decreases in the actual numbers flown. Respondents are encouraged to comment on the forecasts, and how the proposed solution represents enhanced flexibility or lower risk for the St Helena Government.

Respondents should be able to provide a justification for the selected aircraft type, origin airport, technical stop selected (if required) and configuration. These issues will be explored in more detail during Stage 3 of the process.

9. PROCUREMENT PROCESS

The Procurement process for the Air Services will consist of 5 stages.

Stage 1 - Pre-Qualification

As part of a prequalification process, interested organisations are requested to submit details concerning;

- a) Information about the Organisation.
- b) Financial Information.
- c) Outline solution of how to meet the island's air service needs.
- d) Technical capability to deliver the outline solution.
- e) Technical and Economic Regulatory compliance.

Stage 2 - Generation of detailed proposals

Respondents will be pre-qualified on the basis of their responses to this PQQ (Stage1).

Pre-qualified organisations will then be issued with an Invitation to Tender (ITT) and invited to submit detailed proposals for delivery of the services.

Stage 3 – Evaluation of detailed proposals

SHG together with our advisers will then assess proposals against the detailed evaluation criteria set out in the ITT, and select one or more organisations to further develop their proposal(s) to reach the solution that best meets the requirements.

This stage may involve several rounds of face to face meetings with those taken forward.



Stage 4 - Tender / Best and Final Offer

Following the face to face meetings, one or more organisations will be invited to submit a Best and Final Offer.

The tender that offers the best solution to the islands needs will be selected.

Stage 5 - Contract

Both parties enter into a legally binding contract to provide the islands air service needs.

10. TIMETABLE

The indicative timetable for this procurement is set out in the following table:

Deadline for clarification questions	12.00 Noon GMT on the 10 th July 2014
Deadline for receipt of PQQ responses	12.00 Noon GMT on the 17 th July 2014
Notification of Pre-Qualification and issue of ITT	15 th August 2014
Preparation of detailed proposals	Mid-August to 26 th September 2014
Deadline for receipt of detailed proposals	26 th September 2014
Evaluation of detailed proposals and face to face meetings	26 th September to 14 th November 2014
Invitation to submit Best and Final Offer	14 th November 2014
Submission of Best and Final Offer	28 th November 2014
Final contract negotiations with preferred organisation	30 January 2015
Contract award	February/March 2015

12. EVALUATION OF THE INVITATION TO TENDER

Those companies that are pre-qualified as a result of Stage 1 of the process will be issued with an Invitation to Tender document. This document will contain, *inter alia*, the details of the criteria to be adopted by the St Helena Government in evaluating detailed proposals submitted.

It is anticipated that these evaluation criteria will include assessment of each proposal against the Government's requirements identified in this Information Memorandum. These are further expanded below, but are not in order of priority:

- i. **Meet the minimum service requirements:** the proposed service must, as a minimum meet the minimum weekly frequency requirement to an international hub airport. Proposals that do not meet this minimum standard will be rejected, either at the PQQ stage or following receipt of the detailed proposal;



- ii. **Value for the St Helena Government:** the Invitation to Tender will require detailed requirements of the St Helena Government by the air services provider to support the operation at all stages of the contract. The evaluation will include an assessment of the extent to which the air services provider is willing to take on some or all of the financial risk, and the contingent liability implications for the St Helena Government;
- iii. **Security of service:** as the air access contract will be the primary means of travel between St Helena and the rest of the world, security of service provision will be a significant evaluation criterion. The evaluation will focus on at least the following issues: aircraft reliability, back-up options for cancelled flights, the quality and location of maintenance facilities relative to the base of operations, the experience level of the proposed operating airline;
- iv. **Expansion potential:** detailed proposals will need to identify how additional flights could be operated in the event that passenger demand exceeds the seasonal capacity of the minimum frequency. Options include additional frequencies (the desired option due to the impact on potential demand through having more than one flight per week), either seasonally or throughout the year; or larger aircraft where possible;
- v. **Connectivity:** the detailed proposal will be assessed on the connectivity opportunities to the island, including partner airlines through whom joint fares could be negotiated, the scale and timing of transfer options at the hub airport, joint fares on the same airline to maximise the route options to passengers;
- vi. **Risk:** the evaluation will include assessing the risks to the island, including risks associated with access; commercial risks through inappropriate selection of aircraft types and/or origin airports; financial risk through contracting with a service provider with inadequate resources to start and maintain services; reputational risk to the St Helena Government;
- vii. **Fare levels:** given the correlation between fare levels and propensity to travel, proposals will be evaluated on the range and quantum of ticket prices included in the detailed proposal, their competitive validity and their potential impact on the St Helena Government's objective of developing the island's tourist market.
- viii. **Requirements of SHG:** an assessment of the terms and conditions that the air services provider will seek to impose on the St Helena Government and the flexibility that exists in addressing these issues;
- ix. **Ticket distribution:** the extent and range of distribution options for passenger tickets;
- x. **Marketing commitment:** the evaluation will consider the extent of any commitment that the air services provider is willing to make with the development and execution of a marketing plan for the island;
- xi. **Extent to which submissions meet the 'desirable' requirements** in Section 5, to include:



- a. Services to Ascension Island: the willingness to commit operations to Ascension Island, and the viability of any proposals on frequency and costs for the service;
- b. Other transportation requirements: proposals to carry the following categories: perishable cargoes (import and export); dangerous goods (specifically fuel samples); other cargo, with examples of any weight, volume or type restrictions; medical and casualty evacuation constraints;
- c. Saints employment: identification of job functions that could be offered to Saints, subject to meeting relevant employment criteria.