



StageGate Concluding Report Iteration 3 2023

- 1.1 This report concludes the third iteration of the StageGate process for 2023. This cycle focused on the StageGate 1 assessment of the **Pier 1/F-Inner Pavement Rehabilitation** programme, as part of Dublin Airport's rolling programmes of Apron Rehab (CIP.20.01.002) and Taxiway Rehab (CIP.20.01.003).

StageGate Process

- 1.2 The 2019 Determination on the maximum level of Airport Charges at Dublin Airport introduced a new process for certain large-scale capex projects, known as StageGate. Initially, 17 projects were identified for inclusion in the process. This was increased to 27 projects in the Interim Review of the 2019 Determination in relation to 2023-2026.¹
- 1.3 StageGate is a rolling iterative process intended to add flexibility for the scope and/or cost of the StageGate projects to develop over the regulatory period. A key component of the process is the Independent Fund Surveyor (IFS) which provides independent expert views on any such developments to inform airport users and the Irish Aviation Authority (IAA). The IAA has appointed Steer to act as the IFS.
- 1.4 The 2019 Determination (and subsequently the Interim Review of the 2019 Determination in relation to 2023-2026) provided initial allowances for each of the StageGate projects; these are termed the StageGate 0 allowances. When a project has reached a sufficiently detailed level of design and is ready to be progressed, the project is advanced to StageGate 1. At this stage Dublin Airport provides an up-to-date costing, together with supporting detail, to the IFS for assessment. The IFS then assesses the Dublin Airport proposal, and if it considers it to be reasonably costed and effectively scoped, it will agree with the proposal.
- 1.5 There are two factors which drive the decision on the StageGate 1 allowance: the IFS' conclusions on technical scope/cost efficiency, and the views of airport users.
- 1.6 Following the completion of the StageGate 1 phase, the project enters StageGate 2. This phase allows for ongoing consultation as the project is being delivered. Any stakeholder may submit material for IFS consideration during this phase, which the IFS will report on in the subsequent iteration of the process. In the absence of any further developments being highlighted to the IAA and the IFS, no further assessments will be carried out.

¹ https://www.iaa.ie/docs/default-source/car-documents/1c-economic-regulation/final-decision-on-the-maximum-levels-of-airport-charges-at-dublin-airport-2023-2026.pdf?sfvrsn=6b8110f3_1



- 1.7 The outcome of the StageGate process drives the final level of remuneration for the project over its asset life. When reconciling actual expenditure against the allowance in the subsequent determination, the IAA's starting point will be the StageGate 1 allowance. The IAA will also consider any developments which may have occurred and been consulted on during the StageGate 2 phase.

2023 – Third Iteration

- 1.8 One project was included for StageGate 1 assessment in the second iteration in 2023:
- Pier 1/F-Inner Pavement Rehabilitation.
- 1.9 No projects were included for StageGate 2 in this iteration.
- 1.10 The final IFS report on this project was circulated to airport users on **31st October**. A videoconference was then held on **9th November**, with presentations from the IFS, and Dublin Airport.
- 1.11 As per the StageGate process, airline users were invited to provide written submissions, which should include an indication of whether it objected to or supported the proposed project as per the IFS' recommendation, with November 23rd set at the deadline.

StageGate 1

Pier 1/F-Inner Pavement Rehabilitation

- 1.12 Dublin Airport initially proposed a StageGate 1 allowance for the above initially set at €6.672m, however after a review of the major quantities of this cost estimate, the IFS assessed that several cost items were not aligned with the scope of the work. Dublin Airport responded with a revised overall cost estimate of €6.133m.
- 1.13 The IFS' report detailed its main findings at the StageGate 1 phase. These are summarised as follows:
- The IFS determined that the scope and specifications of the project will meet the required outputs, however there is a lack of evidence that opportunities for efficiency within the design of the new channel drain have been explored in sufficient detail. Thus, solutions adopted may not have been the most effective, as it believes opportunities to make savings may have not been explored either in sufficient detail and/or at a sufficiently early stage.
 - The IFS determined that while most of the costs were reasonable, the contractors fee was higher than it would expect, and thus the IFS has reduced it in its assessment. This created a variation between the IFS



estimate and Dublin Airport's proposal.

- 1.14 The IFS therefore proposed an alternative allowance of €5.823m, which is its estimate of the efficient cost of delivering this project.

Other Stakeholder Views

- 1.15 Aer Lingus supports the Pier 1/F-Inner Pavement Rehabilitation project, stating that it remains critical to the continued safe use of the airport. The airline agrees with the IFS report in that the project meets the scope and requirements of the airport. However, Aer Lingus expressed its disappointment at the cost increases and that it agrees with the IFS cost assessment. The airline also requested that the IAA instruct the IFS to holistically assess Dublin Airports procurement processes and timelines to ensure that inefficiencies are avoided in future schemes.
- 1.16 Ryanair objects to the costs presented by Dublin Airport in relation to the Pier 1/F-Inner Pavement Rehabilitation project of €6.13m. It considers that Dublin Airport has presented stakeholders with cost overruns, once again, with these costs now being over 5% higher than was initially proposed. Ryanair agrees with the conclusions presented by the IFS. Ryanair considers that although Dublin Airport has undertaken to take on board the feedback of the IFS and airport users, they are yet to note any improvements in practice. It is for these reasons that Ryanair asks that the IAA exclude the costs from the RAB in order to protect airport users.

Conclusions

StageGate 1

- 1.17 This project draws on two different StageGate projects, a piece of taxiway rehab not included in the original StageGate 0 project (CIP.20.01.002), and apron rehab under CIP.20.01.003 in respect of which there is significant overall StageGate 0 allowance remaining.
- 1.18 We note that Dublin Airport has acknowledged the IFS' assessment value and agrees to progress the project accordingly. We note the continued support from Aer Lingus for the delivery of the project and the IFS' assessment. We note the objection specifically to what Ryanair considers to be an 'overrun' of 5% above the IFS' assessment of the efficient cost allowance. Thus, the StageGate 1 allowance is in line with the IFS' assessment of €5.823m, in total, split across the two projects as shown in Table 1 below.



Table 1: StageGate 0 and StageGate 1 allowances in nominal prices

CIP Code	Project	StageGate 0 Allowance	IFS recommendation	StageGate 1 Allowance
CIP.20.01.002	Pier 1/F-Inner Pavement Rehabilitation	Remaining amount: €52.043m.	€2.092m	€2.092m
CIP.20.01.003		None.	€3.731m	€3.731m

1.19 The project is now considered to be at the StageGate 2 phase. Any further developments which are identified during the StageGate 2 phase will also be considered at the time of the next determination.