



StageGate Concluding Report Iteration 1 2024

- 1.1 This report concludes the first iteration of the StageGate process for 2024. This cycle focused on the StageGate 1 assessment of **Terminal 1 Central Search at StageGate 1**, CIP.20.03.012 at Dublin Airport.

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.
- 1.7 The outcome of the StageGate process drives the final level of remuneration

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



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.

2024 – First Iteration

- 1.8 One project was included for StageGate 1 assessment in the first iteration in 2024:
 - Terminal 1 Central Search at StageGate 1.
- 1.9 No projects were included for StageGate 2 in this iteration.
- 1.10 The final IFS report on this project was circulated on **21st February**. A videoconference was then held on **28th February**, 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.

StageGate 1

Terminal 1 Central Search

- 1.12 Dublin Airport estimated a StageGate 1 cost of €34.53m for this project.
- 1.13 The IFS' report detailed its main findings at the StageGate 1 phase. These are summarised as follows:
 - The IFS found that the scope and specifications of the project will enable Dublin Airport to achieve most of the required outputs though it does foresee some challenges in delivering the objective of an improved passenger experience. While the IFS considers the project overall to be efficient, its assessment is that Phase 2 (fast-track relocation to the mezzanine) could have been delivered in a more efficient way via 2 security lanes rather than 3.
 - The IFS determined that while most of the costs in Dublin Airport's cost plan were reasonable for a project of this nature, the rates for some items in the construction costs section were higher than expected. The IFS reduced the rates for the following items in its assessment: (i) Internal partitions – partition wall to stud partition frame, glass cladding to stud partitions, cladding above the glass wall, (ii) Floor finishes – stone tiles, floor clean, (iii) Ceiling finishes – metal raft ceiling perforated. As a result of these reductions, the actual sum included in the IFS assessment for other costs



are less than the provisions in Dublin Airport's submission.

- The IFS noted that a more efficient procurement strategy could have been employed for the project whereby one contractor would deliver both Phase 1 & 2.

1.14 The IFS proposed an alternative allowance of €33.19m. for this project, which is its estimate of the efficient cost of delivering this project.²

Other Stakeholder Views

1.15 Aer Lingus support the delivery of the Terminal 1 Central Search project outlining that it remains critical to ensure the development of the hub infrastructure at Dublin Airport. Aer Lingus raised concerns over possible inefficiencies emerging from the introduction of two separate queuing areas, and the disruption to circulation flow for users due to the walk to the mezzanine level. Aer Lingus welcomed the IFS revised cost-estimates and highlighted the need for Dublin Airport to procure cost-efficient materials for the remainder of the project.

1.16 Ryanair objects to the costs proposed by Dublin Airport for this project. While welcoming the IFS reduction in proposed costs, Ryanair raises concern at the degree of variation versus the initial level set out at SG0. Ryanair states that any savings achieved for pre-financed trigger projects should be passed through to airport users and requests that IAA allow a maximum of 80% of the StageGate 1 allowance to be considered within the price cap and trigger amount. Ryanair is opposed to the relocation of Fast Track to the Mezzanine level and have asked the IAA to exclude these costs from the RAB. The airline questioned why the IFS could not have a formal role in suggesting more cost-efficient alternatives to Dublin Airport's proposals going forward.

Conclusions

StageGate 1

1.17 The two-phased Terminal 1 Central Search project is being delivered under CIP.20.03.012. The scope of the project has been changed significantly since SG0 with the revision reflected in Dublin Airport's reduced cost allowance.

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 Ryanair's objection to the pre-financing of StageGate projects under the price cap decision and the resistance to relocating Fast Track to the Mezzanine

² This does not include the cost of the security lanes equipment and its installation which will be provided under Core Security Projects.



Level.

- 1.19 We note that the IFS' recommendation has been accepted by Dublin Airport and the cost has reduced since StageGate 0. As per the StageGate 1 rules, the StageGate 1 allowance is therefore in line with the IFS' assessment of €33.19m, as shown in Table 1 below.³

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

CIP Code	Project	StageGate 0 Allowance	IFS recommendation	StageGate 1 Allowance
CIP.20.03.012	Terminal 1 Central Search	€54.02m	€33.19m	€33.19m

- 1.20 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.

³ See page 114 for further detail:
https://www.iaa.ie/docs/default-source/car-documents/2019-determination/final-determination/2020-2024-determination.pdf?Status=Master&sfvrsn=1fcb14f3_0