

Proceedings of the Pre-bid Meeting for the Integrated Development of No Frill Airstrip & Provision of Airline Connectivity at Shivamogga in Karnataka on Design, Build, Finance, Operate and Transfer (DBFOT) Framework

Chairperson: Managing Director, KSIIDC

Members Present:

Joint Secretary, IDD

Executive Director, KSIIDC

Assistant General Manager, KSIIDC

Participants:

GMR Limited, New Delhi

Bangalore International Airport Limited (BIAL), Bangalore

Mc-fly Aviation, Bangalore

Supreme Transport Organisation Pvt. Ltd, Mumbai

AFSD Limited, Mumbai

Kairali Aviation, Bangalore

Other Member:

Senior Manager, iDeCK, Bangalore

MD, KSIIDC, Joint Secretary, IDD and Executive Director, KSIIDC welcomed the participants in the pre-bid meeting and briefed about the objective of the project and requested the participants to put forward their queries and suggestions related to the tender documents and structuring of the project.

MD also briefed that the Government would provide the needful support to the participants in terms of making it successful and the government has taken sufficient measures in terms of providing benefits within the available framework for the implementation of the project.

The major queries and suggestions raised by the participants are highlighted below.

1. The due date for submission of bid is very short and have requested to extend the due date at least by 3 months, as they will have to prepare business for the project.
2. The participants were requesting KSIIDC to share the Techno-economic feasibility report for the project. KSIIDC replied that the technical related information such as soil test, in-principle approval for the project and OLS survey shall be shared. The financial feasibility should be conducted by the bidders as the plan for implementation would vary from one bidder to other bidder.

3. The participants have requested the Authority to initiate the Environment Clearance for the indicated Project facilities in the Project Information memorandum and to be made as Conditions Precedent in the Project Agreement. The successful bidder would take the additional environmental clearances subsequently for other facilities that are proposed to be developed.
4. The participants have requested that the development of airport and airline connectivity to be separated as this causes the conflict of interest among the parties. They briefed that the cost incurred by the airline operator towards the landing and parking charges are the revenue towards the airport operator. Therefore, it would become discriminatory access to the airline operator who is member of the consortium. KSIIDC replied, that the airline operator may not be member of the consortium and the successful developer may enter into MoU with the airline operator for provision of airline services.
5. The participants raised a query that the airport/airline route between Shivamoga to Bangalore currently is not under RCS. Unless the airport/route is declared as RCS, who would bear the cost of maintenance of the airport in terms of providing security (CISF), electricity charges, water charges, fire and emergency services. These are fixed cost for the airport operator and there is no recovery mechanism of this cost incurred for the operations and maintenance of the airport. It was informed that the benefits of the RCS by the state. Has been extended to this airport also.
6. In addition, the existing RCS scheme is available for only 3 years and the tender documents demands the operation of 3 flights in a week from Shivamogga to Bangalore for entire 20 year period. Therefore, the participants requested to clarify on the time limit for such support that would be extended by the state government and provide revenue guarantee framework for both the airline and airport operator beyond the applicable 3 years RCS period.
7. The participants requested how the revenues of the non-aeronautical revenues would be treated since all the airports developed under PPP come under the purview of AERA (Airport Economic Regulatory Authority).
8. The participants requested that public consultation for the project and the development plan should be conducted by the Authority and shall not be the responsibility of the Developer and it should be in time bound manner. KSIIDC replied that the Authority would necessary support for conducting public consultation

and shall be conducted by the developer as part of the Environmental Impact Assessment Study.

9. KSIIDC requested all participants to submit their additional queries, if any, in written format and shall respond to their queries.
10. The meeting concluded with vote of thanks to the Chair.

Sd/-
(Ganga Ram Baderiya)
Managing Director
KSIIDC