

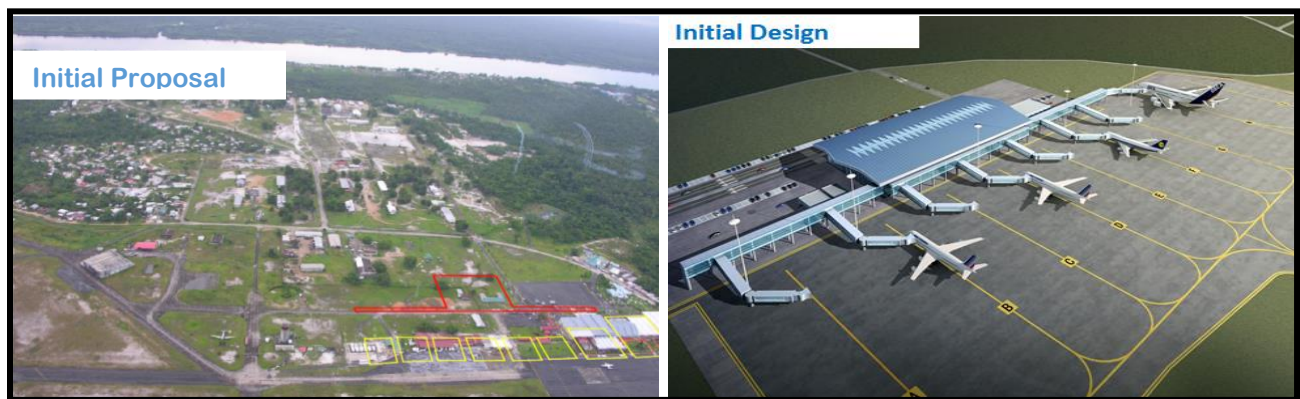
# OVERVIEW OF THE AIRPORT EXPANSION PROJECT

**January 28, 2019**

The contract for the extension of the Cheddi Jagan International Airport was signed by the previous administration on November 11, 2011. The signing and the contents of the contract were not initially disclosed to the Guyanese people.

Four options were presented and the most favourable/initial design would have cost the Government of Guyana (GoG) US \$181M.

## **Option 1: Initial Proposal – Existing Terminal Building Removed-**



## **Option 2: Revised Proposal – Existing Terminal Building maintained**



**Option 3 - Revised Optimized**– Existing Terminal Building maintained proposal optimized



**Option 4: Final Proposal**-Existing Terminal Building rehabilitated for departures only; New Arrivals Building constructed-



However, due to the cap on the borrowing amount, the project contractor – China Harbour Engineering (CHEC) modified the design. Funding was as follows:

- (i) Loan for Exim Bank - US\$130M
- (ii) Counterpart funding – US\$8M
- (iii) GoG funding – US\$12M

The reduced cost of US\$ 138M had implications on the project since several critical aspects were not catered for or reduced in scope, including:

- 1) Construction of a Car Park to accommodate the anticipated increase in traffic
- 2) Relocation of Residents in the path of the extended runway
- 3) Relocation of the Guyana Defence Force Engineering Corps
- 4) Relocation of Ground Handling Concession
- 5) Relocation of Fuel Handling Concession
- 6) Relocation of the Localiser Antenna
- 7) Relocation of the Guyana Police Force Outpost
- 8) Relocation of the K-9 Unit and Accommodation
- 9) Relocation of the Special Constabulary Unit
- 10) Relocation of GPL, GWI and GTT facilities
- 11) Procurement of the requisite Screening and Scanning Equipment
- 12) Construction of Internal Roads
- 13) Fencing

Further, the failure by the previous administration to properly negotiate the contract meant that several items in the project were either overpriced or the scope of work was inadequate; a situation that had to be remedied by the current administration.

This oversight created an immediate delay in the project.

## **1. THE PROJECT'S CONTRACT**

The contract was vague and left too many critical aspects up for interpretation. No clauses were included in the contract to address potential risks such as unforeseen or unfavourable soil conditions. As a consequence, much time was lost trying to discuss the meaning of the ambiguities of the various submissions.

The soil condition, during execution phase of the North East runway extension, was found to be unsuitable and remedial works was estimated at US\$44M.

Due to the absence of a feasibility study, CHEC could not be held accountable for known/unknown risks during the project. Hence, correcting the soil condition created another delayed in the project's schedule and impacted on the funding. Therefore, a compromise was met and the GoG and CHEC agreed to divide the cost to correct the soil condition.

Resulting from the conditions expressed, the incoming administration inherited a stalled project, and following a cost/benefit analysis, a decision was made to revise the design since the project was over budget and behind schedule.

The site works had only progressed to land clearing and ground improvement with a significant amount of the project sums already disbursed. After analyzing the existing challenges, the contract was amended, and the scope changed to allow for the remaining sums to be utilized for completing the project without exceeding the contract sum.

At present the project is almost completed and within the project budget a stark contrast from the situation inherited in 2015. Passengers have already begun to experience the completed sections of the airport during 2018 and will have the full benefit of all four (4) boarding bridges in early 2019.

The table below illustrates a comparison between the original contracts (before 2015) compared with the final product (after 2015).

**Table 1: COMPARISON OF ORIGINAL AND FINAL SCOPE**

#	Description	Original Contract (Before 2015)	Final Contract (After 2015)
1	Area of Terminal Building	Total = 14,300 sq. m	Total = 16,911 sq. m
2	No. of Boarding Bridges	0	4
3	Accessible Elevators	0	2
4	Escalators	0	2
5	Baggage claim Conveyors	0	3
6	Check-In Counters	0	32
7	Relocation of Residents	505 houses	9 houses
8	Length of Runway	1,066.8 meters	1, 090 meters <sup>1</sup>

*NOTE: In the original contract (before 2015), the items 2 to 6 were omitted from CHEC's contract. The previous administration would have had to finance and procure separately the following: 8 Boarding Bridges; 2 Elevators; 2 Escalators; 3 Baggage Claim Conveyors and 20 Check-in-Counters.*

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<sup>1</sup>The runway will be the second longest in the Caribbean when completed. ***Please see Appendix A.***

## **2. WORKS COMPLETED IN 2018**

The new arrival terminal was officially commissioned on September 22, 2018. The following are currently functional:

- \* Immigration: 548 passengers can be process in an hour
- \* Functional escalators and elevators
- \* Three baggage carousals operational
- \* Enhanced luggage scanner in Customs
- \* An extended apron that can accommodate the parking of two additional aircraft of which one is a Code D aircraft.

Meanwhile, a business Lounge and several duty-free concessions will be available in the first quarter of 2019.

## **3. WORK PLAN FOR 2019**

The existing terminal building would accommodate 32 check-in counters, 10 duty free concessions and a 450 passenger seating area when completed.

Further, in the 2019 budget, provisions were made for the rectification of any defects by the contractor together with the supervision consultancy.

Allocations will also be made for complimentary works such as fencing of the aerodrome, landscaping, approach roads, parking lot and security lighting.

**THE PLANNED WORKS FOR 2019 ARE PRESENTED IN THE TABLE 2:**

<b>NO.</b>	<b>ACTIVITIES</b>	<b>TOTAL (G\$M)</b>	<b>SPECIFIC (G\$M)</b>	<b>LOCAL (G\$M)</b>
	<b>Existing Projects</b>			
1	Contract for Extension of Cheddi Jagan International Airport, Guyana	500.000		500.000
2	Contract for Consultancy Services for the Extension of the Cheddi Jagan International Airport	78.191		78.191
3	Construction of law Enforcement Building	2.001		2.001
	<b>New Projects</b>			0.000
4	Construction of Airside Perimeter Fence	200.000		200.000
5	Construction of Access Roads to and from Airport	100.000		100.000
6	Construction of new Car Park facility	125.001		125.001
7	Landscaping and fencing of Landside areas	50.000		50.000
8	Rehabilitation of Sewerage Network and Treatment Plant	50.000		50.000
9	Construction of storage facility/Bond for the storage of spares for new airport.	25.000		25.000
<b>TOTAL</b>		<b>1,130.193</b>	<b>0.000</b>	<b>1,130.193</b>

**4. FACT SHEET:**

**Completion date for project:** March 31, 2019

**Funds paid to date:**

**CHEC only = 132MUSD**

**Total (CHEC + Consultant+ Local Contractors) = 142MUSD**

**Percentage of works completed: 92%**

**Outstanding works to be completed:** The South West Runway Extension pavement works and sections of the Departure Terminal (Immigration, Security Screening, Duty Free concessions)

**Number of Guyanese employed:** 208 of 328 (63%). Contract states minimum of 40% Guyanese labour.

**Sand filling:** 10,966,630 cubic meters (548,331 trips with a truck of 20 cubic yard capacity)

**Crushed Stone:** Total = 350,000 MT