

Government of Montserrat

Early Market Engagement

Air Services to Montserrat



Government of Montserrat
August 2020

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1.0 INTRODUCTION

1.1 Purpose of This Document

This Early Market Engagement document is supplied by the Government of Montserrat (GOM) to assist potential suppliers in the preparation and submission of outline proposals in connection with the supply and operation of a scheduled service operation using Twin Otter performance capability.

The information contained herein is confidential and must not be used for any purpose other than that connected with this process. Any breach of this requirement will result in the exclusion of the bidder from the process.

1.2 Disclaimer

The information contained in this document is believed to be correct at the time of issue but neither GOM nor their advisors will accept any liability for its accuracy, adequacy or completeness and no warranty is given as such. GOM reserves the right to amend or vary any area of this document during the course of the procurement.

1.3 Confidentiality

GoM recognises that certain information contained in this EME response submitted, may be considered confidential, as permitted by the applicable law, and will treat as confidential any information clearly labelled as such. If GoM is formally requested or required by any regulatory or judicial authority, or is otherwise required by law, to disclose information with regard to the EME response, GoM will disclose such information in accordance with applicable laws and regulations.

1.4 Communications

All communications should, in the first instance, be sent by email to:

Name	Harjinder Jutle
Title	GOM Head of Procurement
Telephone	
Email	jutleh@gov.ms

Respondents 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 GOM official involved in the process or the UK Department for International Development (DFID) and FCO. Under no circumstances should direct contact be made with anyone else regarding this process without the prior arrangement or agreement of the GOM Head of Procurement. Failure to observe this confidentiality may result in disqualification from the future tender process.

1.5 Acronyms and Definitions

ASSI:	Air Safety Support International, a subsidiary of the UK' Civil Aviation Authority. The safety regulator for Montserrat
Bidder:	A company or consortium that submits a proposal for the supply of a Twin Otter aircraft, and the provision of scheduled services to GOM in compliance with this Information Memorandum and Request for Proposal
Contracting Authority:	The Government of Montserrat
DFID:	The UK Government's Department for International Development
EME:	Early Market Engagement, a process designed to inform the procuring entity of the capability of the market
FCO	Foreign Commonwealth Office
GOM:	The Government of Montserrat
MNI:	John A Osborne Airport, Montserrat
RFP	Request for Proposal
PPB	Public Procurement Board

2.0 BACKGROUND: GENERAL

2.1 Background – Montserrat

Montserrat is a mountainous island in the Lesser Antilles chain of islands nestled between Antigua and Barbuda, St Kitts and Nevis and Guadeloupe with a population of 4,990 (2020 estimate) and a land area 16 km long and 11km wide. Montserrat has a rich mixture of African, North American, and European influences although the official language is English. Montserrat was very well integrated in the 1990s with a population peaking at around 14,000, a regional airport and a cruise ship terminal with a capacity for handling 45,000 tourists per year.

In 1989 Hurricane Hugo devastated the Island. During the following years Montserrat embarked on a rigorous rebuilding programme however, this recovery was interrupted by the eruption of the Soufriere Hills Volcano in 1995 and subsequent eruptions that destroyed Plymouth, the capital city, the airport and seaport. The capital city Plymouth has remained abandoned since 1997 due to ongoing volcanic activity.

This led to a period of sustained economic decline and rising dependence on budgetary aid from the United Kingdom (UK) Government. In particular, the lack of suitable long-term access was and remains a binding constraint on private sector development and economic growth.

2.2 Government of Montserrat

The Government of Montserrat is an internally self-governing overseas territory of the United Kingdom executed through a Governor appointed by the British Monarch and led by the Premier as the Head of Government along with four (4) Ministers.

The constitution provides for a governance process consisting of a Cabinet and a Legislative Assembly. Cabinet consists of the Governor, the Premier, Ministers, the Attorney General and the Financial Secretary. Legislative Assembly is made up of eleven (11) seats. Nine (9) members are elected to serve a five-year term, with the Attorney General and Financial Secretary as the official Government representatives. Elections are held once every five years. Following a public vote (the elections) the leader of the majority party, usually becomes the Premier. Government operations are delivered from headquarters are located in Brades in the north western end of Montserrat.

2.3 Background

Air services to Montserrat are currently provided by two airlines: Fly Montserrat and BMN(SVG) Air. Both airlines operate BN2 Islander aircraft on scheduled services between Antigua and Montserrat.

The two airlines have received a modest monthly seat guarantee support, since mid-2016.

The Government of Montserrat will be seeking bids from suitably qualified airlines to provide scheduled services between Montserrat and Antigua, and neighbouring routes using Twin Otter aircraft performance capability.

This type of aircraft is specified as being permitted to operate to John A. Osborne Airport under the approval process in place with the airport's regulator, Air Safety Support International (ASSI).

2.4 Policy Objectives

The Government of Montserrat's (GoM) policy objectives for securing a contract for Air Services is as follows:

- i. The provision of a suitable standard of air transport, in terms of quality, safety, frequency, capacity and affordability to and from Montserrat and Antigua and other neighbouring islands.
- ii. To transport individuals, loose freight and parcels at reasonable prices;
- iii. The level of service is to be provided at the minimum cost;

Bidders will be aware that this exercise is being conducted in accordance with the provisions outlined in the Public Finance (Management and Accountability) Procurement Regulation 2019.

PART 4—METHODS OF PROCUREMENT OF GOODS, CONSTRUCTION AND SERVICES AND CONDITIONS FOR USE

19. Early Market Engagement

(1) A procuring entity may, with the approval of the Procurement Board, engage in early market engagement if—

(2) For the purposes of this Regulation, “**early market engagement**” means market testing and research for information from the market, to—

(a) inform the procuring entity of the capability of the market;
and

(b) generate interest among the market ahead of formal solicitation to increase competition in the procurement process.

2.5 Outline Proposal

In outline terms the Government of Montserrat will be seeking proposals from owners and operators of Twin Otter aircraft performance capability to provide regular scheduled services between Montserrat and Antigua at times that will maximise connectivity with airline services to North America and Europe from Antigua and other neighbouring airports.

The use of Twin Otter aircraft has a supplementary aim of encouraging interline agreements with foreign carriers to maximise connectivity to, and market awareness of, Montserrat.

2.6 Capability and Qualifications

In their submissions, Bidders must confirm compliance with all technical and economic regulations applicable to the services.

2.7 Instructions and Information on Procurement Procedures

The aim of the procurement process is to meet GoM's policy and strategic objectives, and to meet the air transportation needs of individuals and businesses on the island.

In all cases the EME and subsequent RFP covers the provision of passenger air services between Montserrat and Antigua, with an additional requirement to operate between Montserrat and St Maarten. Bidders are to include the provision of efficient and safe services, be fully compliant with all the current safety requirements and adherence to regulations.

This Early Market Engagement should not be construed as a commitment by the Government of Montserrat to contract with any particular Bidder. These instructions are designed to ensure that equal and fair consideration is given at all times. It is important therefore that Bidders provide all the information requested.

After reviewing responses GoM may request additional information or may schedule individual meetings with any respondent to gain additional information on their proposals.

Table 1: Timetable this is an indicative time line and maybe subject to change.

Issue and publish EME	20th August, 2020
Deadline for receipt of clarifications	9th September, 2020
EME submission deadline	15th September, 2020
Completion of EME evaluation	September/October 2020
Issue of RFP (anticipated)	November 2020
RFP processes (anticipated)	December 2020
Contract for Air Services target date	January 2021

3.0 AIRCRAFT SPECIFICATIONS

The minimum aircraft specifications required under this EME, and subsequent RFP for the supply and operation of a Twin Otter service are outlined below.

3.1 Type and variant

The Government is seeking to contract for the supply and operation of a De Havilland DHC-6 Twin Otter to provide the Services.

The variant of the aircraft type should be a -300, as a minimum, with submissions that are based on the -400 variant also meeting the required technical standard.

3.2 Interior configuration

The passenger configuration should be the standard nineteen (19) seat layout, unless the Bidder can provide a commercial justification for a variation.

3.3 Other specification requirements

The aircraft should be capable of carrying loose freight, in addition to passenger bags.

The Government requires the aircraft to be capable of carrying medical evacuation passengers; Bidders must state the extent to which the proposed aircraft can accommodate stretcher patients, with a description of the equipment to be used, its availability and the installation requirements in the aircraft.

The navigation, communications and safety equipment on the aircraft must comply with the standards required of the aircraft operator's safety regulator and be appropriate for operations between islands in the Caribbean.

4.0 Technical and Economic regulatory compliance

4.1 Technical

Bidders must hold a valid Air Operator's Certificate (AOC) issued by the safety regulator responsible for the oversight of the airline's operation. The DHC-6 Twin Otter must be included in the Operations Specification.

The Bidder must hold minimum levels of insurance appropriate to the planned operation.

Operators may require approval from ASSI for aspects of their operation, including approval for the carriage of dangerous goods.

4.2 Governor's Instructions

Aircraft operations to Montserrat Airport are subject to compliance with the Governor's Instructions – current document, MON004, may be found on the ASSI website (www.airsafety.aero).

Bidders are required to confirm that they have read this document, and are able to comply with the requirements. Summary details include:

- Daytime operations only
- Operations under Visual Meteorological Conditions (VMC)
- A Safety Risk assessment has been carried out
- Minimum standards for flight crew training and demonstration of compliance with the Governor's Instruction
- Validity and recency experience for operations to John A. Osborne Airport

4.3 Economic

Bidders must provide evidence of their ability to operate commercial services between Montserrat and Antigua, as a minimum, and to other destinations as indicated in the Essential Requirements in Section 5 below. This evidence must include, where appropriate, details of the bilateral Air Services Agreements under which services are planned to be operated, and details of the Bidder's designation by the relevant Transport Authority to provide scheduled international services.

Bidders that are not regulated by the United Kingdom or a UK Overseas Territory will require a Foreign Operator's Permit (FOP) to be issued by the Governor prior to the commencement of services. Details of the approval process can be provided on request.

4.4 Montserrat Airport

Bidders should note that there is no fuel available at John A. Osborne Airport.

The Aeronautical Information Publication (AIP) and other details of the airport may be obtained, on request, from the Airport General Manager Mr Joseph JL. Irish via email at Irishjl@gov.ms

5.0 THE EARLY MARKET ENGAGEMENT PROCESS

5.1 Purpose of the EME

This EME document contains details of the preliminary evaluation process that will allow GOM to make an informed selection of the most appropriate solution.

This EME:

- i. Invites potential aircraft operators to submit their responses to this document in accordance with the instructions set out in the remainder of this document
- ii. Sets out the overall timetable and process for the evaluation

5.2 Scope of the Early Market Engagement (EME)

The scope of this EME is the provision of a scheduled Twin Otter air service between Montserrat and Antigua, and between Montserrat and St Maarten. The essential and desirable services are set out in Sections 5.2.1 and 5.2.2 below. The submission must comply with the Essential Requirements stated in Section 5.2.1.

5.2.1 Essential “Minimum” Services

- i. An air service, operating a minimum of a twice daily service, seven days per week, between Montserrat and Antigua, throughout the year, utilising a DHC-Twin Otter aircraft.
- ii. Direct scheduled service between St Maarten and Montserrat with variable return connections at a frequency of 2-3 times per week
- iii. Bidders to identify the minimum numbers of seats to be made available between Montserrat and Antigua, whether stand-alone point-to-point services or flights that are part of a multi-stop itinerary to other hubs, such as St Maarten, St Kitts and Guadeloupe;
- iv. A method of selling and distributing passenger tickets appropriate to the travel requirements of the market;
- v. The ability to carry international mail in compliance with UPU regulations;
- vi. A service that meets not only the transport needs of residents but also supports the economic development of the island through the development of a tourist market. In this regard, a fare structure and operating schedule that are consistent with the aims of supporting economic development and tourism growth will involve discussions and agreement with the Government;
- vii. Back-up options to ensure continuity of service during periods of scheduled maintenance and periods of unserviceability.

5.2.2 Desirable Services

- i. The ability to provide increased services during periods of high demand, such as the St Patrick’s Day holiday period, in March, and Christmas;
- ii. The technical and economic regulatory capability to provide scheduled or charter services to islands other than Antigua, if requested by the Government;
- iii. The ability to carry limited quantities of air cargo to and from the island, noting that the majority of such carriage will be on the scheduled ferry service between

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- iv. Montserrat and Antigua;
The ability, with prior notice, to provide Medevac services for stretcher bound patients;
- v. Acceptance, with limited prior notice, of any Government requirement to provide air services in support of GOM Departments, including, without limitation, observational flights for the Police and other agencies; search-and-rescue operations.

5.3 Participation

Submissions must be made by, or on behalf of, the proposed provider of the services.

5.4 Contract Term

Bidders are required to propose the minimum contract term and provide justification for the period stated. The Government requires a minimum contract period of two (2) years from commencement of operation.

GOM will build in a contract review at least nine months prior to the end of the initial contract period with the potential for extension of contract for two-year terms beyond that point.

5.5 Authorities

The Authority concerned with this Early Market Engagement is the Government of Montserrat. The procurement procedure will be managed in accordance with GOM's Procurement Regulations, a copy of which can be found at www.gov.ms

5.6 Contract Award

GOM plans to award an Air Services contract (the "**Air Services Contract**") on the basis of the award criteria that will be detailed in the Request for Proposal document through an Open tender process.

5.7 Return of Submissions

Proposals must be returned by 12.00 midday Eastern Caribbean time 17.00 UK time on the 15th of September 2020.

Submissions must be sent to Harjinder Jutle, Head of Procurement via email at Jutleh@gov.ms

6.0 SUBMISSION FORMAT

Responses to this Early Market Engagement should be in the format outlined below.

6.1 Covering letter

A covering letter stating that:

- a) the person signing the submission has the authority to submit the proposal
- b) confirmation that the Governor’s Instructions summarised in section 4.2 have been read and that the requirements are capable of being complied with

6.2 Regulatory and Technical compliance

A1	Provide evidence of current or planned technical capability
	<ol style="list-style-type: none"> a) Provide copies of the following certificates or approvals from the technical regulator: <ol style="list-style-type: none"> i. Current Air Operator’s Certificate, valid for flights between the point(s) of origin and Montserrat ii. The Operations Specification, showing the Twin Otter b) If current certificates or approvals are not available, supply details of the processes and timelines required to achieve compliance

A2	Provide evidence of current or planned economic capability
	<ol style="list-style-type: none"> a) Provide copies of the following certificates or approvals from the relevant economic regulator(s): <ol style="list-style-type: none"> i. Any required Economic Licence permitting the sale of tickets to the public. This may be as a scheduled airline or through an Air Travel Organiser’s License (ATOL); ii. Designation by the UK Department of Transport, or the foreign equivalent, to offer services between the planned point(s) or origin and Montserrat b) If current certificates or approvals are not available, supply details of the processes and timelines required to achieve compliance

6.3 Operational experience

B1	Experience level of the operating airline
	<p>Please describe the operational experience of the airline that will be providing the services to Montserrat. The focus of this description should be on:</p> <ol style="list-style-type: none"> i. Number of years of continuous operational experience with Twin Otter (or similar) aircraft ii. A description of any similar operations in the Caribbean iii. The numbers and types of aircraft in current service

B2	Back-up provisions
	<p>Please describe how you would address the requirement for back-up options to cover maintenance or weather-related cancellations.</p> <p>Bidders should identify all possible options, to include:</p> <ul style="list-style-type: none"> i. In-house options with the same or similar aircraft types; ii. In-house options with a different aircraft type, noting the requirements for operations to Montserrat iii. Commercial arrangements with other airlines. Please confirm with which airlines the relationships exist, the geographic location of their aircraft, the aircraft type, and their ability to comply with the regulatory requirements for operations to Montserrat

6.4 Commercial proposal

C1	Proposed cost levels
	<p>Bidders are required to submit an outline Commercial Proposal for the provision of the Essential Services.</p> <p>The Proposal must summarise:</p> <ul style="list-style-type: none"> i. The cost per return sector between Montserrat and Antigua, to include: <ul style="list-style-type: none"> a) All fixed costs associated with the aircraft, including lease or depreciation rates; overhead costs; crew fixed costs; distribution costs b) Variable costs, including fuel costs; maintenance charges; landing and navigation fees/charges; ground handling costs at Montserrat and Antigua c) Operating cost margin d) Any requirement for one-off costs associated with providing the services