

# Hiroshima Airport Concession Project Application Guidelines etc. Briefing Handout

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July 8, 2019

Civil Aviation Bureau

Ministry of Land, Infrastructure,  
Transportation and Tourism

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# 1. Application Guidelines

# 1-①. Overview of the Hiroshima Airport

## Airport Facilities etc.

- Installed and managed by Minister of Land, Infrastructure, Transport and Tourism
- Area: 197.7ha
- Runway: 3,000m x 60m
- Operation hours:  
15 hours (7:30~ 22:30)
- Access (by bus): Approx. 45mins from Hiroshima station, 55mins from Hiroshima Bus Center



## Aviation Network



Domestic routes (5 routes) (As of Jun 2019)

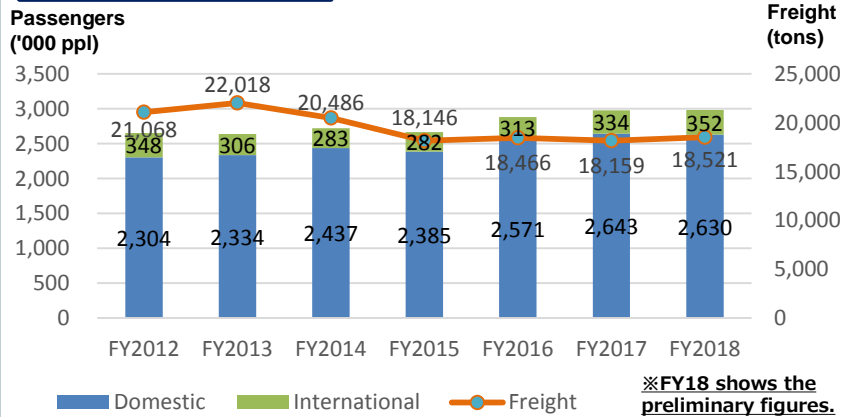
Routes	Time duration*	Airline	Number of flights
Hiroshima* Tokyo (Haneda)	Approx. 90 minutes	Japan Airlines All Nippon Airways	8 round trips/ day 10 round trips/ day
Hiroshima* Sapporo (New Chitose)	Approx. 110 minutes	All Nippon Airways Japan Airlines	1 round trip/ day 1 round trip/ day
Hiroshima* Sendai	Approx. 85 minutes	IBEX Airlines/ All Nippon Airways	2 round trips/ day
Hiroshima* Okinawa (Naha)	Approx. 110 minutes	All Nippon Airways	1 round trip/ day
Hiroshima* Narita	Approx. 100 minutes	IBEX Airlines/ All Nippon Airways Spring Airlines Japan	1 round trip/ day 2 round trips/ day

International routes (6 routes, 7 cities)

Route	Time duration*	Airline	Number of flights
Hiroshima* Seoul	Approx. 1 hour and 30 minutes	Air Seoul/ Asiana Airlines	3 round trips/ week
Hiroshima* Dalian	Approx. 2 hours and 5 minutes	Air China/ All Nippon Airways	4 round trips/ week
Hiroshima* Beijing (Stop over in Dalian)	Approx. 4 hours and 30 minutes	Air China/ All Nippon Airways	4 round trips/ week
Hiroshima* Shanghai	Approx. 1 hour and 30 minutes	China Eastern Airlines/ Japan Airlines	7 round trips/ week
Hiroshima* Taipei	Approx. 2 hours and 30 minutes	China Airlines/ Japan Airlines	7 round trips/ week
Hiroshima* Hong Kong	Approx. 3 hours and 45 minutes	Hong Kong Express	3 round trips/ week
Hiroshima* Singapore	Approx. 6 hours and 30 minutes	SilkAir/ Singapore Airlines	3 round trips/ week

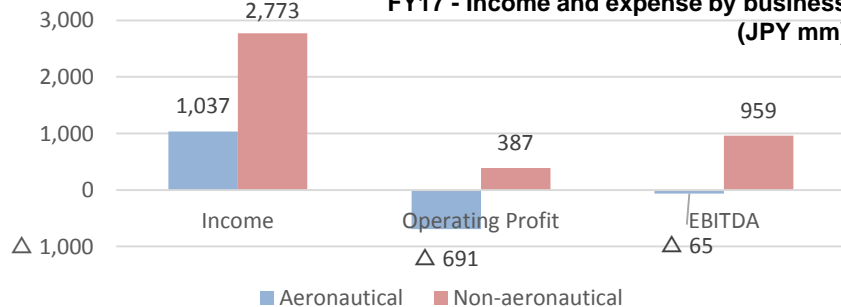
<Source: Official website of the Hiroshima Prefecture>

## Airport Traffic



## Income and Expense of the Airport

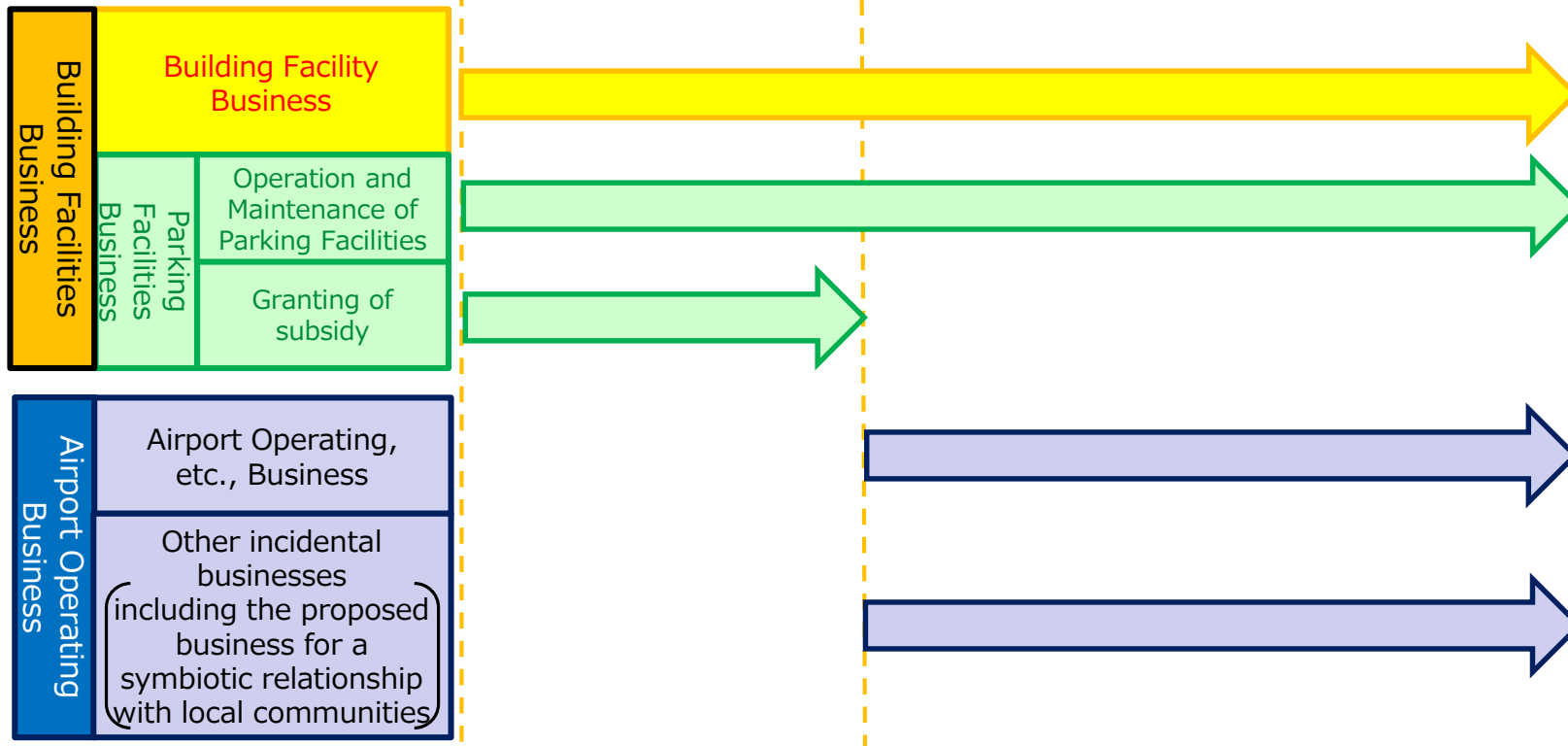
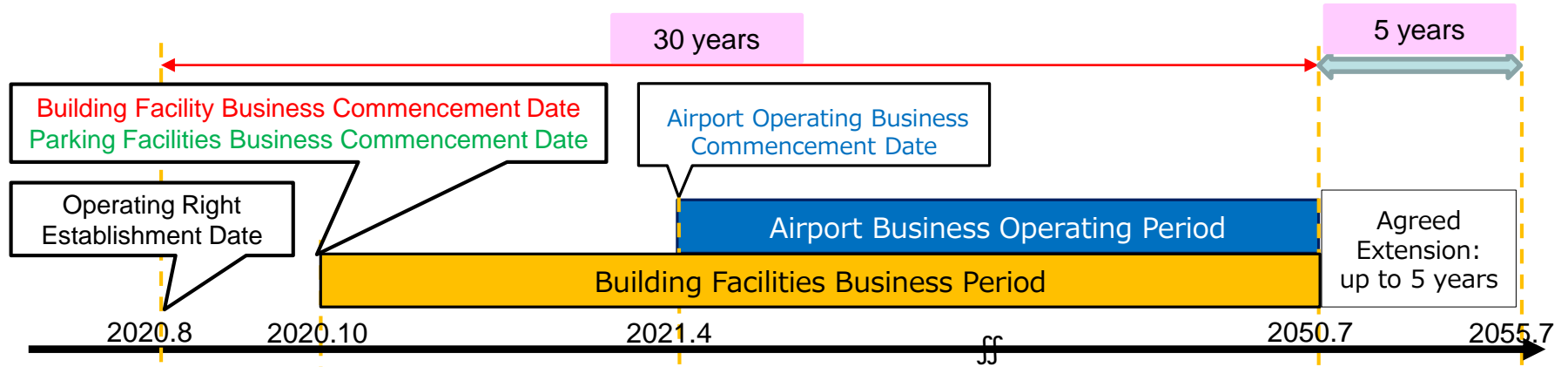
FY17 - Income and expense by business (JPY mm)



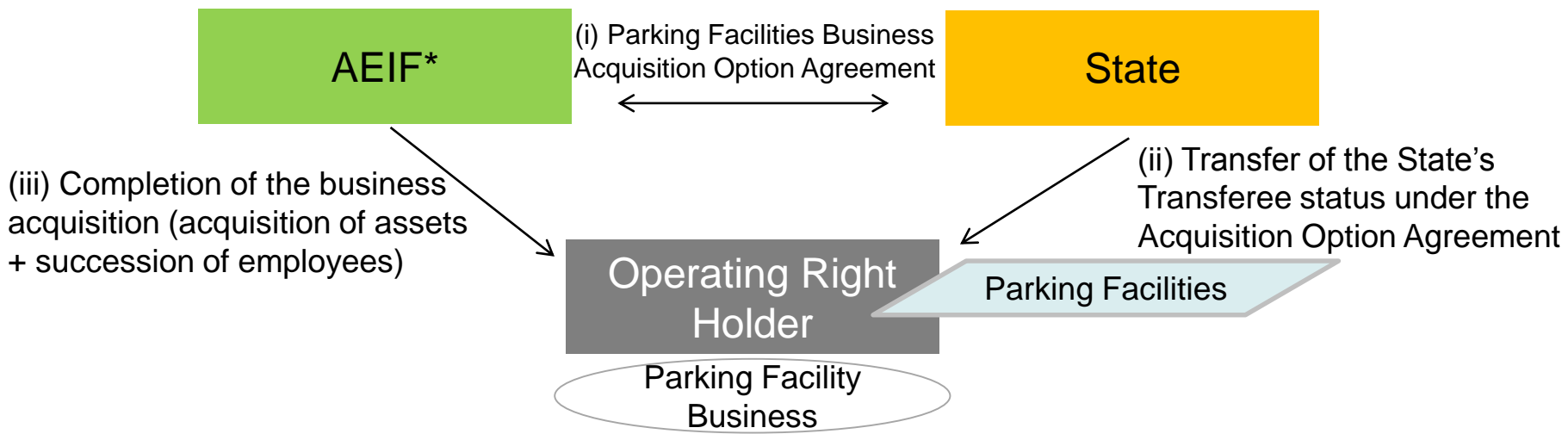
## Recent Update

- October 11, 2016: The Governor of Hiroshima Prefecture stated that they would set a basic policy to outsource the operation of the Hiroshima Airport within FY2016
- March 2017: Hiroshima Prefecture formulated and released "the Basic policy for managerial reform of the Hiroshima Airport".
- As a part of the initiatives toward the managerial reform, it was decided to extend the operation hours from 14 hours to 15 hours (7:30-22:30) effective from October 29, 2017
- July 24, 2017: A committee to promote the managerial reform of the Airport was established.
- October 13, 2017: The State conducted the Market Sounding to hear opinions broadly on the operational scheme and management approach.
- October 30, 2017: Flight to Singapore (SilkAir) went into service (3 flights per week)
- October 26, 2018: The committee to promote the managerial reform of the Airport compiled a proposal on the Hiroshima Airport concession and submitted it to Hiroshima Prefecture. It proposes the targeted number of the passengers in 30 years as 5 million per year and increase of convenience by improving the access.
- March 6, 2019: The State formulated the Implementation Policy on the Qualified Project Etc. for Hiroshima Airport Operation.
- June 26, 2019: Application and Selection Procedures for Hiroshima Airport Concession started.

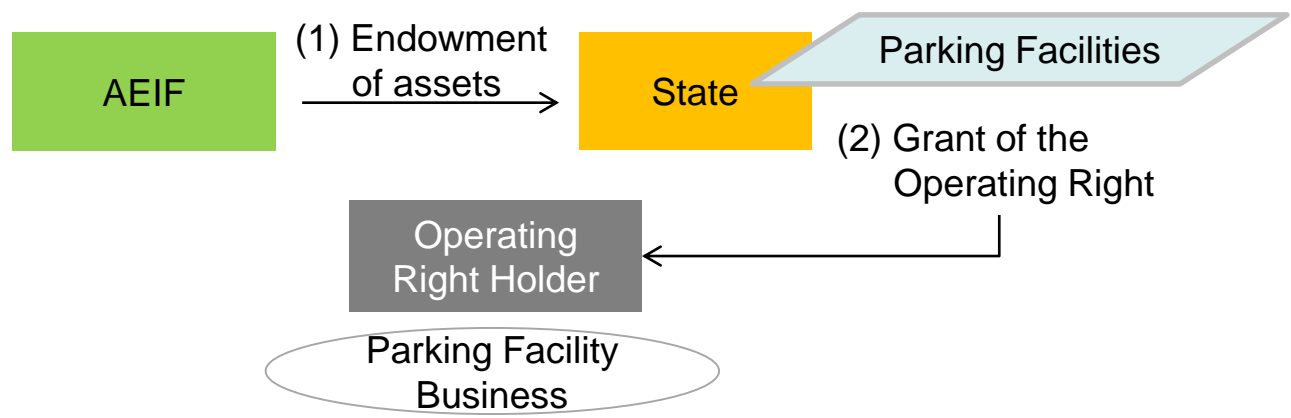
# 1-②. Timeline of Each Business



## ◆ Unifying the parking business into the SPC under the business acquisition scheme



【Reference : Scheme used in preceding airport concession projects】



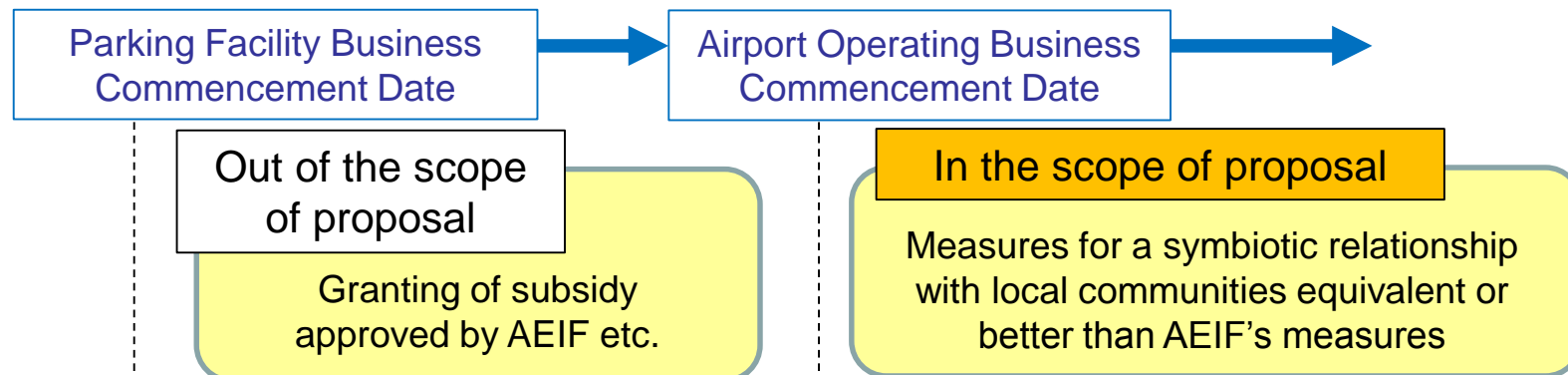
\*AEIF: Airport Environment Improvement Foundation

## 1. Granting of subsidy etc.

- SPC shall also succeed the following ① and ② as a part of business transfer from AEIF (Granting of subsidy) .
  - ① Business to grant subsidy which AEIF has approved to pay but has not completed payment by the Parking Facility Business Commencement Date
  - ② Business to grant consolation payment concerning fallen objects from aircraft which AEIF conducts

## 2. Business for a Symbiotic Relationship with Local Communities

- SPC shall propose and conduct business for a symbiotic relationship with local communities (business to be proposed).
- SPC shall be required to propose measures which have the equivalent or better effect compared to such business which AEIF conducts.
- The business for a symbiotic relationship with local communities conducted only after the Airport Operating Business Commencement Date shall be in the scope of proposal.



## ○ Business for a Symbiotic Relationship with Local Communities by AEIF

### Business for improving the residential environment etc. of the surrounding area of the Airport

#### Grant to install aircraft noise assessment equipment and air-conditioners etc.

Grant for local governments to install the aircraft noise assessment equipment etc.



#### Grant to make public facilities barrier-free and improve the residential environment etc. of the surrounding area of the Airport

Grant for local government to make public facilities barrier-free and install welfare equipment etc.



#### Grant to improve parks etc.

Grant for local governments to improve green space and parks etc. in the surrounding area of the Airport



#### Grant to equip fire trucks and ambulance cars etc.

Grant for local governments to purchase fire trucks and ambulance cars etc.



### Business for revitalizing regions surrounding the Airport/Business for promoting utilization of the Airport

#### Grant for the event organized by local governments for the purpose of revitalizing regions surrounding the Airport and promoting utilization of the Airport

"Sky Day" event



Symposium for promoting utilization of the Airport



### Business to grant consolation payment concerning accidents caused by fallen objects from aircraft

Scheme to grant consolation payment in accordance with the severity of damage caused by fallen objects from aircraft

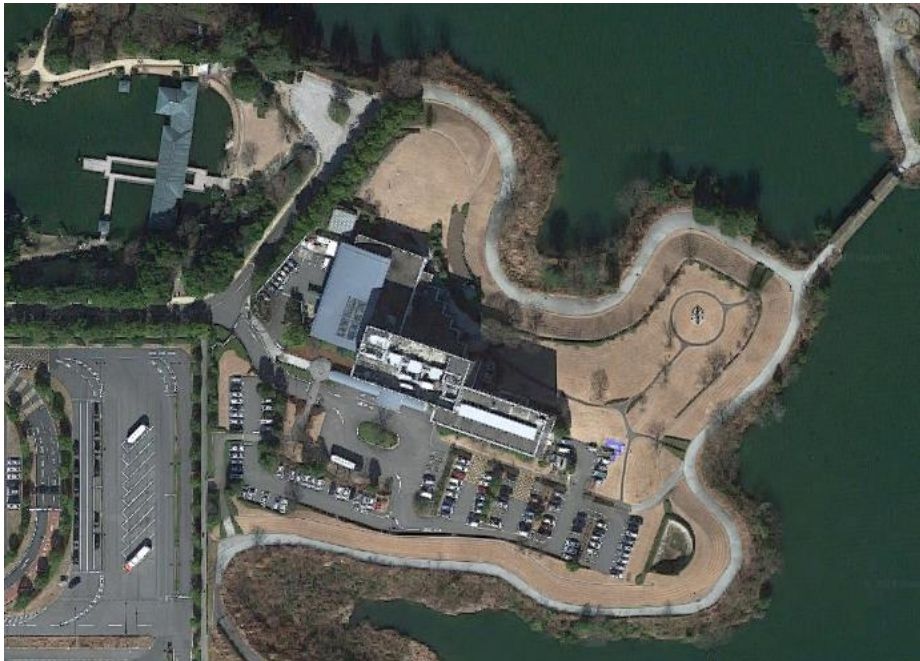




Facilities	Current	On the Commencement Date	During the Project Period
Airport Hotel	The Building Facility Operator's group owns and operates the hotel	Succession of the business through the acquisition of the Building Facility Operator Shares	The Operating Right Holder may dispose upon discussion with the State
Forest Hills Garden	The management outsourced to the Building Facility Operator's group	Succession of the designated manager service if the Building Facility Operator's group continues to be the designated manager	Up to the Operating Right Holder's discretion after the administration period expires
Prefecture-managed Parking	The management outsourced to a third-party designated manager	The Operating Right Holder leases the land from Prefecture and manages collectively with the parking business transferred from AEIF. (Usage of land can be converted.)	Prefecture maintains the land lease agreement

## 1. Lease agreement of the land of Airport Hotel

- Current lease agreement between the Building Facility Operator and Hiroshima Prefecture/Mihara City to be succeeded with the current terms and conditions
- Amendment of agreement shall be necessary if the use of the land is changed
- See the relevant materials for the other terms and conditions



Land of Hotel – Aerial photo



Hotel exterior



## 2. Succession of the designated administrator service of Forest Hills Garden

- The designated administrator service outsourced to the Building Facility Operator JV by Hiroshima Prefecture shall be succeeded
- It is upon SPC's discretion whether SPC continues the designated administrator service after April 1, 2024
- Forest Hills Garden shall be out of the scope of proposal except for the project plan until March 31, 2024



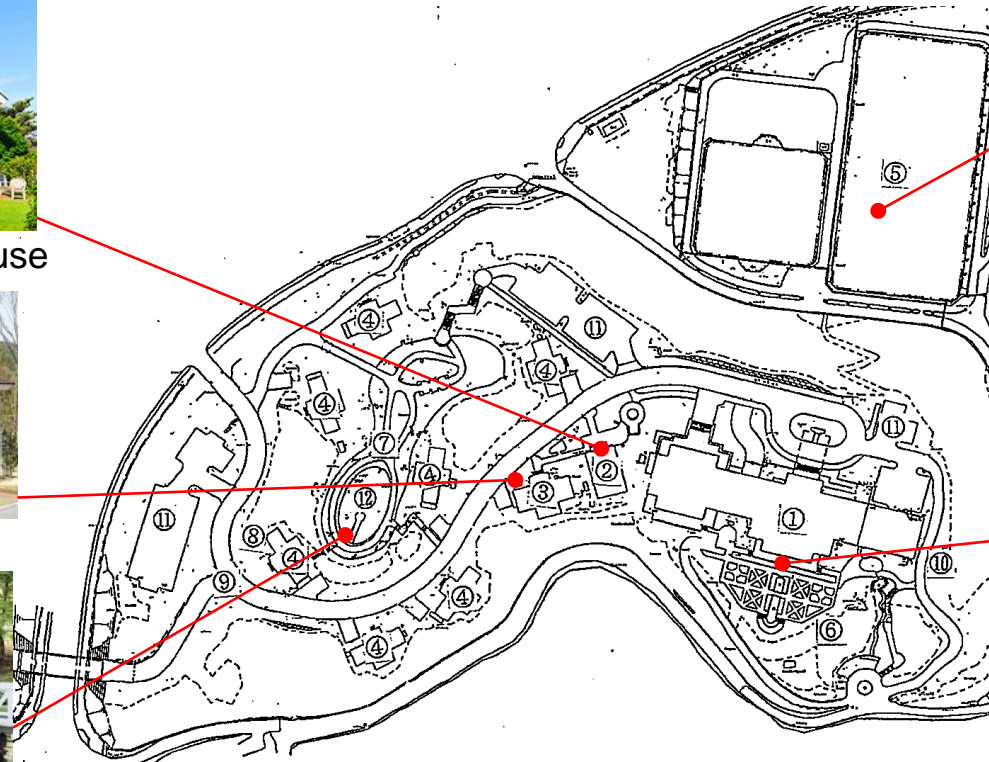
Seminar House



Cottage (for six people)



Water Lily Garden



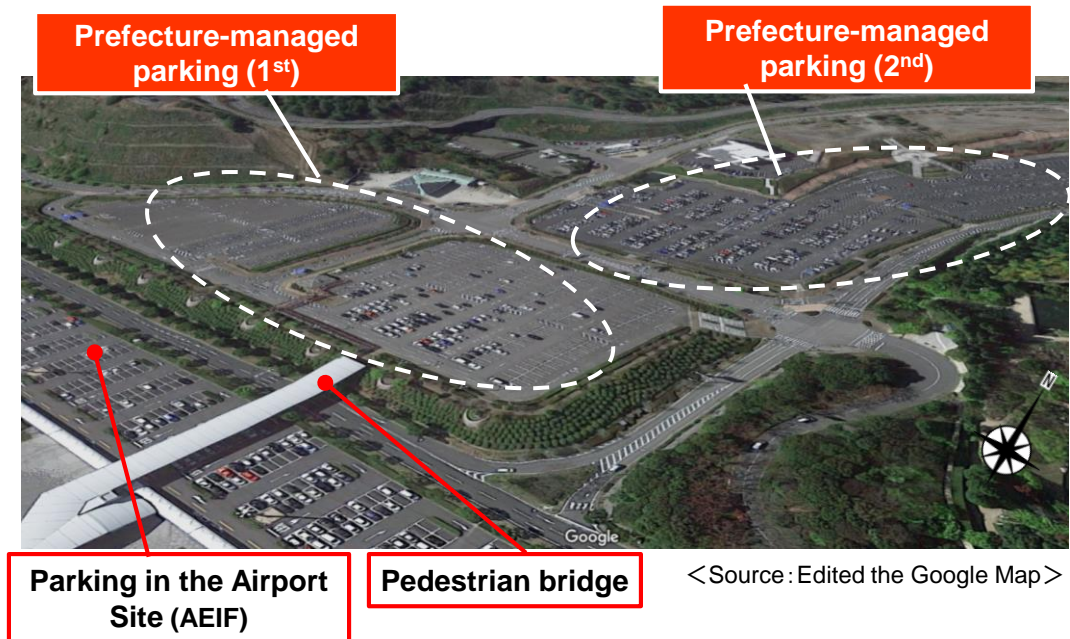
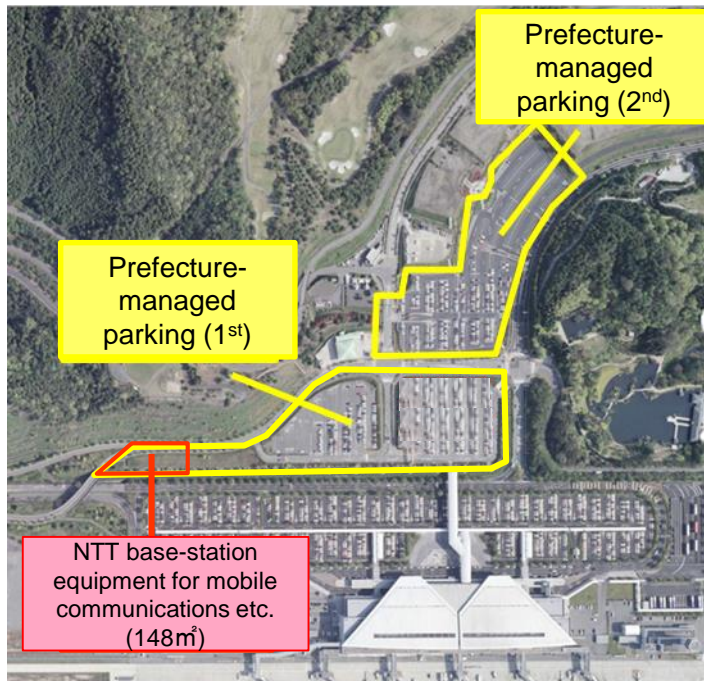
Tennis court



Multi-purpose building

### 3. Prefecture-managed parking, Land lease agreement

- ① Land lease agreement (Term: 20 years + renewable for another 10 years) or
- ② Fix-term land lease agreement for business (Term: until the Airport Operating Business Expiration Date) is expected to be executed
- If SPC constructs a commercial building during the term of ①, the agreement shall be changed to ② upon agreement with Hiroshima Prefecture
- Amendment of agreement shall be necessary to change the use of the land upon agreement with Hiroshima Prefecture
- See the relevant materials for the other terms and conditions



<Source: Edited the Google Map>



### 3. Prefecture-managed parking, Others

- (1) Sublease agreement to NTT
  - SPC is expected to execute a sublease agreement with NTT for a part of the site of prefecture-managed parking
  - NTT shall be obliged to demolish the equipment at their expense if SPC requires
  - See the relevant materials for the other terms and conditions
- (2) Pedestrian bridge
  - Hiroshima Prefecture plans to sell the bridge to SPC by commencement of prefecture-managed parking business



NTT base-station equipment for mobile communications



Pedestrian bridge


## 2. Selection Criteria

## &lt;Items for the First Screening&gt;

Form name	Limit to number of pages	Score allocation
[A] Project Concept	3	20
[B1] Policy for Development of Route Network	2	10
[B2] Policy for Operation of Airport Facilities	3	10
[B3] Policy for Promoting Airport	2	10
[C1] Policy for Ensuring Safety and Security	2	10
[C2] Policy for Project Implementation Structure	3	10
[D] Revenue and Expenditure Plan	1 in A3 page size	10
[E] Consideration for the Operating Right	1	20
Total	17	100

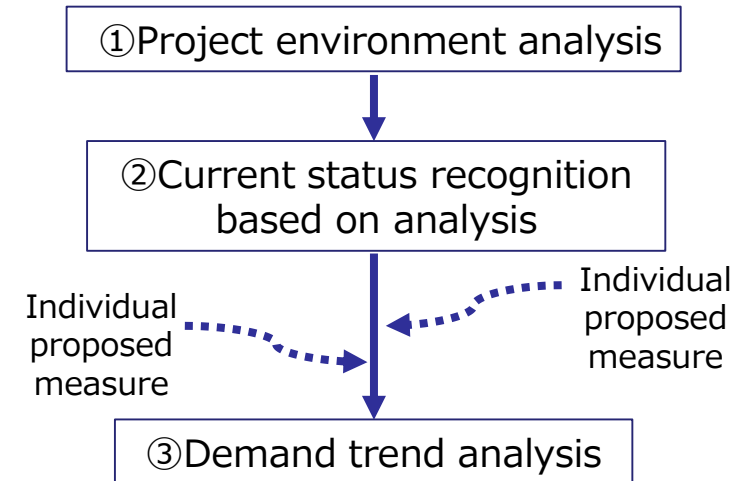
## &lt;Items for the Second Screening&gt;

Form name	Limit to number of pages	Score allocation
[A1] Strategic Concept	2	25
[A2] Project Environment Analysis and Demand Trend Analysis	3	
[A3] Target Figures, etc.	2	
[B1] Proposal for Development of Route Network	6	35
[B2] Proposal for Operation of Airport Facilities	6	35
[B3] Proposal for Collaboration with Local Communities to Promote Airport	4	20
[C1] Proposal for Ensuring Safety and Security	3	10
[C2] Proposal for Project Implementation Structure	4	10
[D1] Proposal for Project Plan and Maintaining the Financial Soundness	10 (including A3 page size)	25
[D2] Fund Raising Plan and Investment Strategy	1	
[E] Amount of Consideration for the Operating Right	1	40
Total	42	200

 : Proposal Items Constituting Master Plan

### Executive Plan (First [A]/Second [A 2])

- ✓ ① Project environment analysis  
Analyze and state the various project environment of the Airport, such as tourism/business demand, access, surrounding environment, current revenue/expenditure structure etc.
- ✓ ② Current status recognition based on analysis  
State the current status recognition of superiority and issues based on ①
- ✓ ③ Demand trend analysis  
State the demand trend analysis while clarifying the relevance with the proposed measures based on ②



### Operation of Airport Facilities (First [B 2]/Second [B 2])

- ✓ "Airport facilities" include the prefecture-managed parking and the Airport Hotel (They are included even if their use is changed)
- ✓ Treatment of Forest Hills Garden  
It is not included in "airport facilities" in this section because it is upon SPC's discretion whether SPC continues the designated administrator service once the current contract expires at the end of March 2024 (out of the scope of proposal)



### Promoting Airport (First [B3]/Second [B3])

- ✓ Collaboration with diverse business operators for promoting the Airport
- ✓ Proposals where SPC itself conducts such measures shall be out of the scope of evaluation
- ✓ In case of collaboration with the SPC's parent company, only SPC's collaboration is evaluated, and the content of business conducted by the parent company shall not be directly evaluated

#### Example of collaborated measures

- Access
- Promotion of tourism mainly in Chugoku/Shikoku region etc.

#### Example of collaborators

- State, relevant local government
- Airlines, airport access business operators, travel agencies, tourism organizations etc.

### Proposal for Collaboration with Local Communities (Second [B3])

- ✓ Conduct business to grant subsidy succeeded from AEIF from the Building Facility Business Commencement Date to the day preceding the Airport Operating Business Commencement Date (Out of the scope of proposal)
- ✓ For the period after the Airport Operating Business Commencement Date, it shall be required to propose measures which have the equivalent or better effect compared to such business which AEIF conducts (in the scope of proposal), and the contents of proposal shall be the required standards

### Project Plan and Maintaining the Financial Soundness (Second [D1])

- ✓ Project plan for Forest Hills Garden shall be prepared until the end of March 2024 (the plan after April 2024 is out of the scope of evaluation)
- ✓ In the section of maintaining the financial soundness, state the backup measures to conduct each proposed measure even if the financial status of the Operating Right Holder is severely under stress because of risk events
- ✓ Note that it may be required to submit materials justifying the project plan etc. under the stress scenario

- For each proposal item, it shall be stated by using clear expressions whether the implementation of measures described is guaranteed or not. (with expressions such as “will implement” and “will perform” etc.)
- Among the above, the measures to be implemented without any special conditions shall be transcribed to the “Appendix: List of Guaranteed Measures” to clarify the obligations.
- The Operating Right Holder shall be obliged to conduct the measures in each proposal item whether they are on the List of Guaranteed Measures or not.

**(Example - Appendix: List of Guaranteed Measures)**

Proposal			
Form		Proposal Item	Page
(Example)			
19-B1	Proposal for development of route network	<input type="checkbox"/> Basic charge of airport usage etc. XX will implement YY.	●/●
		<input type="checkbox"/> ● ●	●/●
		<input type="checkbox"/> ● ●	●/●

**○Appropriate description**

- (Without any special conditions) We will construct multistory parking lot at the parking lot in the Airport Site. (Specific, unconditional)
- We will discount the landing fees etc. by ●% for the new routes. (Specific, unconditional)

**○Inappropriate description**

- We will construct a bus terminal when the number of passenger reaches ●. (Conditional)
- We will revitalize the Hiroshima Airport and make it a hub of Chugoku/Shikoku region. (Unspecific)
- We will collaborate with bus operators to have better access. (Unspecific)

## 3. Future Procedures etc.

## 1. Questions and Answers on the Application Guidelines etc.

Two submission periods are set as follows.

- ✓ 1<sup>st</sup> : Questions to be submitted from July 23<sup>rd</sup> (Tue) to July 24<sup>th</sup> (Wed)
- ✓ 2<sup>nd</sup> : Questions to be submitted from August 20<sup>th</sup> (Tue) to August 21<sup>st</sup> (Wed)
- ✓ Publication date of answers (last) : September 5<sup>th</sup> (Thu)

## 2. First Screening

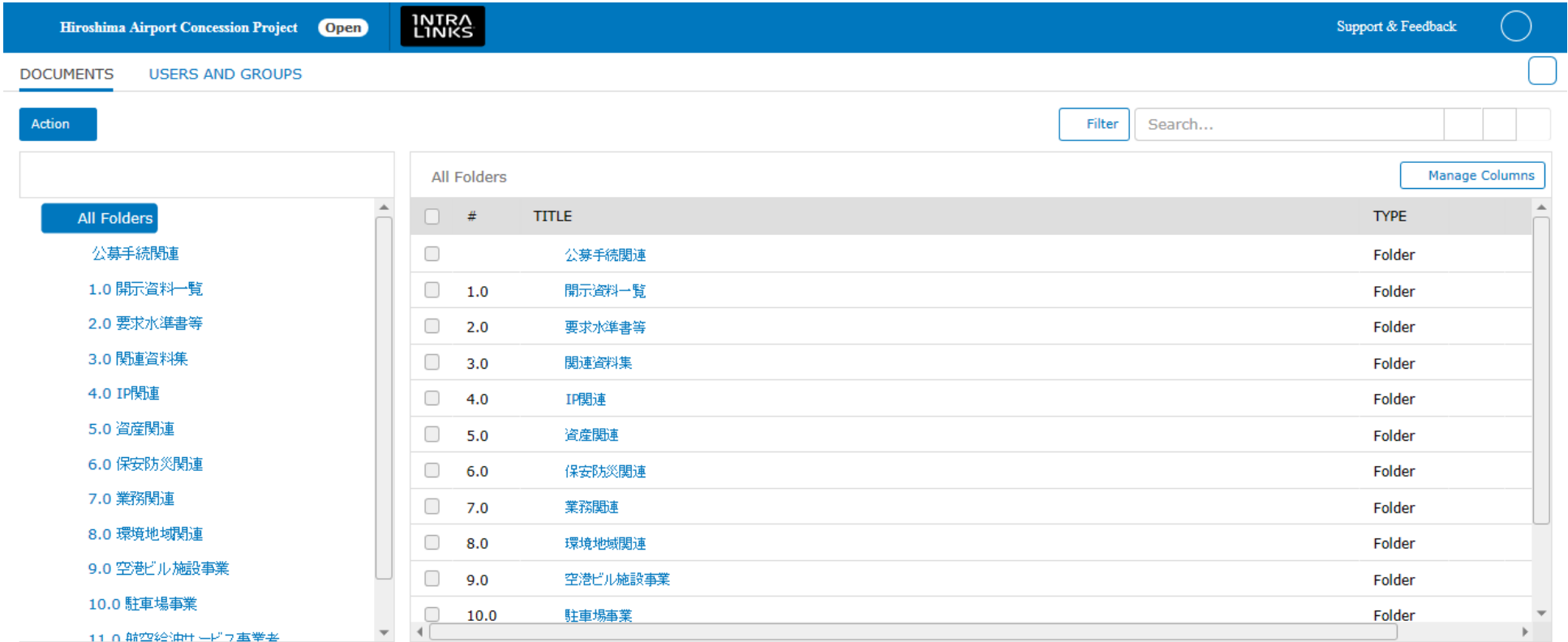
- ✓ Deadline for submission of the first screening documents: September 27<sup>th</sup> (Fri)
- ✓ The Screening Committee plans to hear a brief verbal explanation from the Applicants based on the First Screening Documents around October. (No need to prepare a presentation material for the explanation)

Schedule (tentative)	Events
Around October 2019	Notice of result of the First Screening
Around November 2019 – March 2020	Period for holding competitive dialogue
Around April 2020	Deadline for submission of the Second Screening Documents

## 1. How to use VDR

- ✓ You can access the VDR by applying with the ID application form (already uploaded to the website of CAB on June 26<sup>th</sup>)
- ✓ Access to the confidential materials will be granted after submitting the confidentiality pledge etc. by both email and post

### 【Screenshot of the VDR】



The screenshot displays the VDR interface for the "Hiroshima Airport Concession Project". The top navigation bar includes "Open" and "INTRA LINKS" logos, along with "Support & Feedback". Below the navigation, there are tabs for "DOCUMENTS" and "USERS AND GROUPS". The main content area shows a list of folders under "All Folders".

#	TITLE	TYPE
	公募手続関連	Folder
1.0	開示資料一覧	Folder
2.0	要求水準書等	Folder
3.0	関連資料集	Folder
4.0	IP関連	Folder
5.0	資産関連	Folder
6.0	保安防災関連	Folder
7.0	業務関連	Folder
8.0	環境地域関連	Folder
9.0	空港ビル施設事業	Folder
10.0	駐車場事業	Folder

