

Spain's Contractors See Green in Ireland

Irish infrastructure gives Spanish public-private partnerships a boost

By [*Peter Reina in Dublin*](#)

Spanish construction logos are among the first to be seen by visitors to the Irish Republic as they drive into Dublin from the city's airport. A blend of funding, design and construction expertise has secured for the Spanish a large and growing slice of Ireland's infrastructure market.



Photo: W.S. Atkins PLC.

A major redesign eases construction at Dublin's N3-M50 interchange.

Crossing the airport road is a roughly \$360-million project to upgrade the M50 toll road, sweeping around the west of Dublin. Spanish firms control 85% of the consortium that is widening 23 kilometers of the highway under a design, build, finance and operate (DBFO) contract lasting 35 years.

Clues to the Spanish approach to international expansion are evident on the M50. In creating bid-winning projects, "the Spanish influence is very important in terms of innovation of design and added value," says Richard Neuling, an associate director in the republic's division of W.S. Atkins plc, Epsom, U.K.

The M50 is one of the six highway DBFOs the National Roads Authority (NRA) awarded since March 2003 to teams that include firms from Spain. Only the remaining three highway DBFO contracts signed are devoid of Spanish interests.

Prospects for Irish successes of Spanish contractors seem bright. Public finances are in a "dire" state following the "Celtic Tiger's" economic collapse in the banking crisis, says Gerard Cahillane, head of finance and operations at the National

Development Finance Agency. The government is leaning increasingly toward public-private partnerships to plug its infrastructure funding gap, he adds.

The next two NRA highways in the republic's infrastructure pipeline have Spaniards in bidding lists for DBFOs. The N11 and N17/18 are together worth well over \$1 billion. Spaniards also are on the short list to bid in the next few months for Dublin's new 18-km Metro North, with 15 stations, half of them below ground.

Spanish firms also are well placed to bid for Dublin's estimated \$3-billion Dart underground regional railroad link, with twin 7-km-long, large-diameter tunnels. The 9.2-km-long urban project is due to open for bidding in April as a 25-year DBFO, says Colm Reynolds, PPP commercial manager for the government's transportation agency, Córas Iompair Éireann.

Success

One of the most successful Spanish bidding teams so far is the joint venture led by Madrid-based infrastructure developer/operator Itinere Infraestructuras, with Global Vía Infraestructuras. They have long-term DBFOs for both the M50 and the country's second-largest highway job, the 58-km N6.

Global is half-owned by the construction group Fomento de Construcciones y Contratas S.A (FCC). Among FCC's other international infrastructure assets are most of the U.K.'s major airports. Itinere is wholly owned by Sacyr Vallehermoso S.A.

In both DBFOs, the Spanish firms each control 42.5% of the special-purpose companies, while...

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...local contractor P. J. Hegarty & Sons has the remaining 15%. Contractual arrangements for the construction of both jobs are similar.

On the Dublin road, the consortium's special-purpose company, M50 (Concession) Ltd., signed the DBFO contract with NRA in September 2007. The company awarded a fixed-price design-build contract to the construction affiliates of its partners. FCC and Sacyr have 42.5% of the construction joint venture, and Hegarty has the rest.



Image: NRA

The DBFO covers north and south section of M50 motorway.

Starting in February 2008, the consortium is widening the old two-lane roads to three and four lanes over two sections of the M50, totaling some 23 km. Another 11 km has been upgraded by other firms under separate design-build contracts with NRA.

Major interchanges with the M1, N2 and N3 motorways also are being enhanced under the DBFO, along with four smaller ones. Of the job's 21 elevated sections, the largest is at the N3 interchange.



RICHARD NEULING

As well as widening work, the contract includes making provision for other firms to install traffic management systems. "There's something like 1,000 km of ducts being put in," says Atkins's Neuling.

Atkins is the M50 contractor's project designer and supervisor. At peak, Atkins had around 150 staff serving the project from offices in several countries, adds Neuling.

All the M50 work is being done while some 100,000 vehicles a day stream through the highway. "The project is about as difficult as it gets," says Tom O'Malley, Atkins's managing director in the republic.

Culture Clash

Having started work six months earlier on the \$870-million N6 near Galway, the Spanish learned lessons about working with a British-based design team.



OLLALA

A clash of construction cultures on the N6 led the Spanish to include a Madrid-based design firm, Eptisa, in its M50 Atkins-led team, says Francisco Martin de Santa Olalla, FCC's technical manager on Irish projects.

Based on what he saw on the N6, British designers "are not used to someone from the contractor [on-site] telling them the way it has to be done," says Martin de Santa Olalla.

"FCC and most Spanish contractors have internal design departments which look after projects. That's not the case [here]," says Martin de Santa Olalla. "As soon as we get a job, our department goes..."

...to the site and starts dealing with the technical scheme, looking for [design] alternatives and improvements," he adds.

But the concern of embedding a Spanish team with Atkins turned out to be unnecessary. Atkins's approach on both schemes "was completely different," says Martin de Santa Olalla. "Here, they have been much more open to our ideas, and they have proposed good alternatives. These big projects are a team thing," he says.



Photo: Peter Reina / ENR

Seven interchanges are being upgraded on the M50 job.

Says Atkins's O'Malley, "We were anxious from the start to have a good relationship. It was very important getting to understand how the Spanish operate." Spanish contractors are "very strong technically in terms of design...they like to get heavily involved," adds Neuling, who adds they have "a keen eye" on cost.

The largest alternative design the M50 team developed to enhance construction was at the complicated interchange with the N3 highway, running out from Dublin.

NRA's original scheme called for a new section of highway to be excavated under an active railroad and waterway. The contractor's alternative replaced underground work with an elevated section, and it eliminated a planned new road loop to transfer traffic between highways.

"The most important reason...was that dealing with Irish Railways would be one of the biggest risks in terms of program," says Martin de Santa Olalla. "It's very difficult because they ask for so many things. It would have been suicide for us."

Nine months of time was needed for additional planning approvals, with the possibility officials would reject the plan. "There was quite a high risk from a program point of view," says Neuling. "It's more common [than in Ireland] for a Spanish contractor to change a design...but the statutory procedures and the time it would take is not something they would be used to," he adds.

On the two DBFOs, the Spanish influence extended into the construction phase. On the M50, Spaniards hold senior engineer and manager positions down to site-surveyor level. Of the 100 or so contractor staff, about a third are from Spain.

On the N6, the contractor imported its own paving equipment and crews to overcome limited competition among Irish firms, says Martin de Santa Olalla. "There is almost a monopoly of subcontractors, especially in terms of pavement," he says. "That left us in a weak position."

But the N6 is a greenfield project on which road surfacing came well into the schedule. Upgrading the M50 allows no time and little space to accommodate imported plant. So the contractor hired Limerick-based Roadbridge Ltd. to do the paving.

Work on the 33-month M50 contract is on budget and on schedule for completion late this year, says Neuling. After that, the construction team will disband, while M50 Concession Ltd. continues its operations and maintenance work for what's left of the 35-year contract.

The contractor will earn monthly fees linked to the highway's availability to cover the construction and operational costs. NRA will partially fund those payments with tolls it will receive from M50 users.

NRA phased out the original toll plazas in August 2008, replacing them with a barrier-free alternative. The joint venture BetEire Flow won the \$160-million design, build and operate contract for the electronic system some three years ago.

BetEire may be controlled by SANEF, one of the largest operators of French toll roads. But Spanish influence extends even into this contract. Since SANEF's privatization a few years ago, that other large Spanish operator, Abertis Infraestructuras S.A., became its owner.

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