

Notice of Commercial Services Committee Meeting

Notice is hereby given that a Commercial Services Committee Meeting will be held in the Ballina Shire Council Chambers, 40 Cherry Street, Ballina on Wednesday 11 September 2013 commencing at 4.00 pm.

Business

- 1. Apologies
- 2. Declarations of Interest
- 3. Deputations
- 4. Committee Reports

Paul Hickey General Manager

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- Apologies Declarations of Interest Deputations 2. 3.
- 1. Apologies
- 2. **Declarations of Interest**
- 3. Deputations

4. Committee Reports

4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan

Delivery Program	Commercial Services
Objective	To review the long term financial plan for the Ballina- Byron Gateway Airport

Background

The Ballina Byron Gateway Airport is operated as a stand alone business with the goal of operating without being subsidised from other revenue sources, albeit there is no expectation, at this point in time, that there will be a return on capital invested.

The return for the community is through the economic benefits generated from having a wide range of local airline services, including jets, available to residents and visitors to the Ballina Shire.

The following table outlines the airport's financial performance in recent years.

Item	2010/11 Actual (\$'000)	2011/12 Actual (\$'000)	2012/13 Actual (\$'000)	2013/14 Estimate (\$'000)
Operating Revenues	2,728	3,483	4,005	4,477
Operating Expenses	3,088	3,553	3,974	4,086
Operating Surplus / (Deficit)	(360)	(70)	31	391
Add Back Depreciation	735	784	750	800
Cash Operating Surplus	375	714	781	1,191
Less: Loan Principal Repaid	(236)	(249)	(532)	(839)
Add: Capital Income – Grants	0	656	2,844	0
Add: Capital Income - Loans	0	0	2,653	4,647
Less: Capital Expenditure	(497)	(1,273)	(5,746)	(4,917)
Net Reserve Movement	(358)	(152)	0	82
Reserve Balance (Deficit)	(302)	(454)	(454)	(372)

 Table One - Airport Operating Results – 2010/11 to 2013/14

The airport operating revenues have been increasing at a rate that exceeds operating expenses, which has resulted in a steady improvement in the operating result. It was pleasing to see that an operating surplus of \$31,000, inclusive of depreciation, was achieved in 2012/13. The estimated operating surplus for 2013/14 is a further improvement to \$391,000.

Whilst the operating result is improving, capital expenditure has been exceeding the airport's capacity to fund that expenditure, resulting in the cash reserve being overdrawn. This reserve is now being funded by an internal loan from Council's property reserves. Also debt levels are increasing resulting in a higher proportion of the cash operating surplus being committed to repaying loan principal.

Given the asset intensive nature of the business it is unavoidable that it will go through periods where it is highly geared in terms of borrowings. This means

there is a financial risk associated with the business. This is particularly the case given that a large part of the airport revenue is reliant on three major customers (Jetstar, Virgin and Rex).

As at 30 June 2013, even though the reserve had a negative balance of \$454,000 as per table one, Council also held \$4.647 million in unexpended loan funds taken out under the NSW State Government's Local Infrastructure Renewal Scheme (LIRS). This means the actual cash held by the airport, as at 30 June 2013, was a positive balance of \$4.193 million.

The LIRS loan, which was for a total amount of \$7.3 million and has a subsidy of 4% from the State Government (the borrowing rate was 5.39% resulting in a net rate of 1.39%), is being used to finance the apron extension project and the runway overlay. Only \$2.653 million of the funds were expended by 30 June 2013 which means that the balance (\$4.647m) is held in reserve at the end of the financial year, albeit that the funds are committed to the runway overlay.

As the reserve balance is still predicted to be in the red, as at 30 June 2014, the purpose of this report is to review the airport long term financial plan to reduce this predicted negative balance.

This report also creates an opportunity for the Airport Manager to attend this meeting to provide an update on the operations of the airport, including achievements for 2012/13, along with the major objectives for 2013/14.

Key Issues

- Financial position and performance
- Recent achievements and objectives

Information

The airport has been positioning itself to accept more passengers and provide a higher level of service with record passenger numbers recorded in 2012/13. To help achieve this, major capital expenditure has been incurred in recent years on a variety of works, including an upgrade of the terminal, extension of the runway apron and this year's overlay of the runway. Financially these works have put the business under some strain although from a strategic sense the business has improved income earning potential.

The first attachments to this report provide the latest revision of the airport long term financial plan with the attachments being

- Sheet one Operating Result and Cash Flow Analysis 2002/03 to 2022/23
- Sheet two Summary of Capital Expenditure, Source of Capital Funding, Cash Balance and Loan Debt
- Sheet three Chart outlining key income ratios
- Sheet four Chart for the airport debt ratio.

Brief comments on each of these attachments are as follows. Sheet One - Operating Result and Cash Flow Analysis

The figures in this attachment represent the latest estimates for operating revenues and expenses. The major changes to the adopted Council budget include:

 Total forecast operating revenues has increased from \$4.477m to \$4.564m

The major reasons for this increase relate to changes in rental of the new terminal building (increased from the original budget figure of \$34,000 to \$55,000) and airport car parking (increased from \$400,000 to \$425,000), along with a number of other small adjustments to reflect more accurate estimates based on the actual results for 2013/14.

 Total forecast operating expenses have decreased from \$4.086m to \$4.063m

This reduction represents small decreases in the original budgets for fencing, service charges and promotions. The promotions budget has decreased significantly from 2012/13 as during that year a number of extra programs were undertaken to support Jetstar's flight expansion program. Far less in the way of promotions is planned for 2013/14.

• These changes result in a revised operating surplus, inclusive of depreciation, of \$501,400, as compared to the original budget of \$391,400.

Sheet Two – Summary of Capital Expenditure, Source of Capital Funding, Cash Balance and Loan Debt

This sheet includes four tables for the major capital movements being

- 1) Capital Expenditure outlines the planned capital works
- 2) Source of Capital Funding how the capital works are funded
- 3) Cash Balance Reserve movements and balances
- 4) Loan Summary Details of loan repayments and principal outstanding.

The major aim of this entire review has been to try and reduce the negative cash balance moving forward and as per table three of this sheet, the forecast reserve balance is not predicted to be back in the black until 2015/16.

Ideally it would have been preferable to have the reserve closer to break even, as at the end of 2013/14, however based on the level of works considered essential, this was not able to be achieved.

The revised reserve balance of negative \$246,000, as at 30 June 2014, is an improvement of approximately \$126,000 on the original forecast negative balance of \$372,000, as outlined in the introduction to this report.

There is considered to be little in the way of discretionary spending in the airport budget to further improve this result and what this highlights is that there is a real need to focus on achieving the revenue forecasts and minimising expenses for the next years to allow a small buffer or margin to be created in the airport reserve.

In order to achieve this revised reserve balance of negative \$246,000 the capital works program was minimised to reduce the cash outlays in 2013/14 and 2014/15.

The following table provides a comparison of the original capital expenditure budget as compared to the revised program of works.

Asset Description	2013/14 Original	2013/14 Revised	2014/15 Original	2014/15 Revised
Runway Upgrade	4,635,000	4,660,000	0	0
Drainage Works	25,000	20,000	25,000	20,000
Lease Area - Stage One	20,000	6,000	35,000	0
Runway Lights	10,000	0	0	0
Helipad	0	0	0	10,000
Fence to Airside	60,000	60,000	0	0
Overlay to Rental Car Park	0	0	0	0
Storage Containers	12,000	12,000	0	0
Storage Shed	65,000	65,000	0	0
Obstacle Tower Lennox Head	90,000	80,000	0	0
Fire Fighting Infrastructure	0	0	250,000	250,000
Total	4,917,000	4,903,000	310,000	280,000

Table Two – Original and Revised Capital Expenditure Budget

The figure for the runway upgrade reflects the project cost as per the tender report elsewhere in this agenda. All of the works in the revised program are considered essential for the operation of the airport, which leaves minimal options to save further monies to improve the reserve balance.

Sheet Three – Key Income Ratios

The three chart lines measure key income related indicators for the airport i.e.

- a) Operating Result as a Percentage of Income As income increases the net margin for that income should be increasing as Council builds on the fixed costs of operating an airport.
- b) Non Standard Income as a Percentage of Income A strategy to reduce the reliance on income from airlines is to increase income from non standard sources, such as car parking and property leases.
- c) Non Standard Income as a Percentage of Operating Expenses Similar to item b) the more non standard income that we can generate then assists in reducing our reliance on the airlines.

The pleasing aspect for each of these indicators is that they are all trending upwards, which means Council is continuing to improve the result for each indicator.

Sheet Four – Debt Ratio

This final chart highlights the high level of debt for the airport business. This has always been one of the major financial risks for the airport in that Council must fund the annual loan repayments, even if we lose airlines from the airport. Therefore the onus is on the airport staff to continue to grow operating revenues to ensure we can finance the loan principal and interest repayments.

The debt ratio peaks again in 2017/18 as the forward financial plan includes \$8m for the extension of the airport terminal. This work is funded by loans albeit that the work will only proceed if the cost of those loans can be passed on to the airlines.

Achievements for 2012/13

This report is primarily focused on providing a financial reality check, however it also provides a good opportunity to reflect on the more recent achievements for the airport.

The final attachment to this report provides a brief bullet point summary of the major items completed during 2012/13. The Airport Manager will be in attendance at this meeting to provide an overview of the 2012/13 results along with the plans for 2013/14 and beyond.

Legal / Resource / Financial Implications

As outlined in the information section of this report.

Consultation

This report has been prepared for the information of the public.

Options

This report has been produced to provide an update on the airport long term financial plan and the options available are to adopt or amend that revised plan.

As the plan represents the latest available financial plan the recommendation is to adopt the updated figures.

The only real concern with this revised financial plan is that we are still budgeting for a reserve deficit as at 30 June 2013/14 and 2014/15. Therefore if the budget figures are not met the actual deficit will be higher, which as reported in the past, remains an unsatisfactory position for the medium to longer term.

RECOMMENDATIONS

- 1. That Council notes the contents of this report in respect to the revised long term financial plan for the airport along with the record of achievements for 2012/13.
- 2. That Council approves the inclusion of the revised long term financial plan, as attached to this report, into our 2013/14 Delivery Program and Operational Plan.

Attachment(s)

- 1. Airport Achievements 2012/13
- 2. Airport Long Term Financial Plan

Achievements 2012/2013

- Record passenger numbers for 2012/13
- Record revenue and operating surplus (2012/13)
- Construction of taxiway extension for Parking Bay 1 (completed March 2012)
- Construction of the long term car park, including security fencing and special overnight rates (Completed July 2012)
- Terminal expansion planning (Completed July 2012)
 o Concept design
- Construction of additional General Aviation Aircraft parking area (Completed August 2012)
- Relocation of wind sock (Completed October 2012)
- Installation of conduits for aeronautical ground lighting (Completed December 2012)
- Successful expenditure of \$3.5m RDA grant
- Obtained 4% interest subsidy on a \$7.3m loan for the runway, taxiway and apron overlay work
- Preparation of Airport Master Plan Concept Drawings (Completed December 2012) :
 - o Terminal Area Master Plan
 - New access road
 - o Landside commercial precinct
- Installation of runway end indicator lights (Completed January 2013)
 - Design of car park extension (Completed January 2013)
 - Design and documentation
 - Approvals
- Design and construction of Apron Extension and New Taxiway (Completed February 2013)
 - 0 Design
 - Approvals
 - \circ $\;$ Construction (on time and on budget) with no lost time injuries (LTI'S) $\;$
 - \circ $\,$ This construction included the successful expenditure of the RDAF grant of \$3.5m $\,$
- Installation of 'services corridor', including additional utilities and services (Completed February 2013)
- Electrical conduits and hydraulic services
- Design of asphalt overlay of runway, taxiway and apron areas (Completed May 2013)

 Design and documentation
- Design of new building for Air Freight Operations (Completed May 2013)
 - o Design and documentation
 - Approvals
 - Planning for new Aerodrome Rescue and Fire Fighting Services fire station (Completed May 2013)
 - Advice to Air Services Australia regarding reaching >350,000 passengers per year
 Provision of siting and services plan
- Planning and early works for extension to southern airside boundary and installation of new fenceline (Completed May 2013)
- Design of General Aviation Precinct planning (Completed June 2013)
 o Concept planning and business case
- Design of Required Navigational Performance (RNP) procedures
 - Agreement with Air Services Australia (signed October 2012)
 - Agreement with Jetstar (June 2013)
- Installed new CCTV system
- Completed access control requirements
- Nil compliance issues
- Installed Wi-Fi in the terminal building
- Construction of landside awning
- Installation of pedestrian walkways and stainless steel handrails to airside

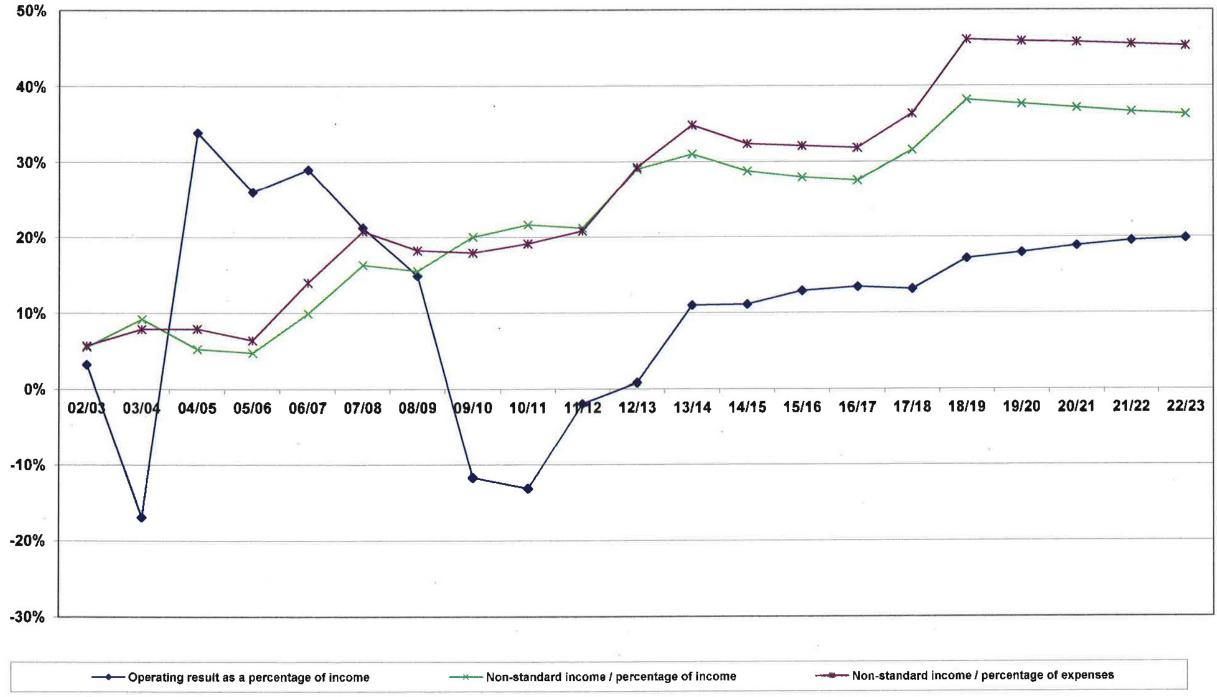
									Ballina - By		Airport - Operating Result and Cash Flow Analysis - 200	2/03 to 2022/23	3								
2002/03	2003/04	2004/05	2005/06	2006/07	Actual 2007/08	2008/09	2009/10	2010/11	2011/12		Description	2013/14	2014/15	2015/16	2016/17	Estin 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
818,905 53,724	-30% 573,442 38,764	94% 1,075,375 113,592	9% 1,257,290 40,681	13% 1,453,706 18,737	-4% 1,369,602 42,671	-4% 1,299,623 49,805	-6% 1,217,640 45,029	9% 1,299,255 80,108	35% 1,808,451 55,038	1,931,200	OPERATING REVENUES Landing Fees (Percentage Growth in Income) Passenger Charges Landing Fees Other	10% 2,120,000 80,000	2% 2,167,000 82,400	3% 2,234,000 84,900	2% 2,285,000 87,500	2% 2,337,000 90,200	2% 2,389,000 93,000	2% 2,444,000 95,800	2% 2,498,000 98,700		1 2,584,00 104,80
0 8,520 18,484 9,510 10,505 3,687 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 8,607 23,376 9,739 12,373 7,836 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	256,060 19,652 21,267 9,964 10,925 14,133 3,635 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	408,635 21,385 28,851 7,652 4,521 18,380 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	564,566 56,103 25,918 10,593 2,898 21,947 3,705 76,127 12,045 13,979 1,497 0 0 0 0 0	649,870 60,930 37,444 26,233 4,441 172,800 22,978 59,359 808 0 0 0 0 0	1,099,968 64,755 45,200 24,480 26,836 20,607 4,173 175,916 20,807 67,504 0 0 0 0 0 0 0 0 0 0	637,841 63,482 48,955 24,808 23,602 19,609 2,192 192,541 21,319 79,561 0 0 0 0 0 0 0	751,098 90,999 47,915 25,527 25,266 20,257 6,427 238,570 20,750 112,753 0 0 0 0 0 0 0 0 0 0 0	881,421 184,415 51,577 26,498 26,622 20,442 3,823 293,618 20,026 111,342 0,026 111,342 0,026 0,00 0,00 0,00 0,000000	847,700 210,300 56,000 27,000 47,300 9,000 363,000 23,200 118,000 56,000 3,600 3,600	Other Fees and Charges Security Charges Jet Airlines Car Rental Franchises Hanger Site Rental Airport Fuel Site Rent Rental New Terminal Building Rental Oki Terminal Building Aviation Security Cards Airport Car Parking Airport Car Parking Lessee (Reimbursement) Interest Earned Contributions to Loan Interest NSW LIRS TermInal Recoupment Charges	950,000 230,000 57,000 35,000 55,000 24,000 7,500 25,000 130,000 66,000 10,000 79,000 270,800 0	236,900 58,800 36,100 56,700 24,800 7,800 437,800 25,800 133,900 68,000 0 0	1,134,000 244,100 80,600 37,200 25,600 8,100 451,000 28,600 138,000 70,100 0 0 0 219,500 0	1,168,100 251,500 62,500 36,400 26,400 27,400 142,200 72,300 0 0 192,300 0	1,203,200 259,100 64,400 39,600 62,200 27,200 27,200 28,300 146,500 74,500 0 0 0 164,100 320,000	1,239,300 266,900 66,400 40,800 9,000 49,300 29,200 150,900 76,800 0 0 134,600 935,000	1,276,500 275,000 68,400 42,100 9,300 507,800 30,100 155,500 0 0 0 104,000 935,000	1,314,800 283,300 70,500 43,400 9,600 523,100 31,100 160,200 81,600 0 72,100 936,000	84,100 0 0 38,900	1,395,00 300,60 74,90 46,20 72,40 31,80 10,20 33,10 170,10 86,70 6,60 935,00
923,335	674,137	1,525,223	1,790,995	2,261,821	2,465,376	2,899,302	2,376,779	2,718,945	3,463,982		Total Operating Revenues OPERATING EXPENSES	4,564,300	4,634,700	4,792,200	4,886,900	5,303,600	6,016,100	6,117,800	6,219,400	6,323,200	6,406,40
9,828 1,290 0 0	17,121 2,770 0 0	3,132 (764) 0 0	68,325 3,890 0 0	80,390 4,364 0 0	132,877 3,495 0 0	168,944 7,376 1,357 12,504	277,623 7,554 5,195 12,504	356,584 13,321 20,231 21,000	399,969 9,773 45,554 21,500	17,000	Management Salaries and Oncosts Conferences and Seminars Office Expenses Vehicle	427,000 20,000 40,000 19,500	439,800 20,000 40,000 20,100	453,000 20,600 41,200 20,700	466,600 21,200 42,400 21,300	480,600 21,800 43,700 21,900	495,000 22,500 45,000 22,600	509,900 23,200 46,400 23,300	525,200 23,900 47,800 24,000	24,600 49,200	557,20 25,30 50,70 25,40
39,221 30,244 16,972	39,104 41,198 12,670	49,506 49,180 22,179	64,647 47,498 22,267	89,330 52,197 46,394	105,575 55,742 26,253	129,747 74,606 33,791	134,131 94,680 35,772	142,589 96,018 44,920	121,994 132,401 59,606	144,500	Buildings and Facilities - Maintenance Cleaning Airport Building M & R Airport Building Area, Roads & Services	130,000 105,000 45,000	133,900 108,200 48,400	137,900 111,400 47,800	142,000 114,700 49,200	146,300 118,100 50,700	150,700 121,600 52,200	155,200 125,200 53,800	159,900 129,000 55,400		169,60 136,90 58,80
4,843 2,948 36,352 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	2,967 3,331 10,006 0 776,562 0 0 776,562 0 0 17,580 0 774,406 3,964 3,964 3,964 3,943 0 0 2,000 1556 0 0 2,000 1556 24,025 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 3,707 40,000 0 8,803 11,584 243,383 0 2,352 21,063 0 2,352 21,063 0 32,757 21,031 998 1,856 2,026 1,856 2,026 0 0 5,859 100 0 5,859 100 0 0 15,253 28,960 0 0 14,101 3,000 0 14,101 3,000 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	4,248 4,035 40,764 0 11,807 13,592 0 6,325 16,247 0 151,269 85,202 17,910 0 0 1,094 2,528 1,972 4,280 6,97 0 0 1,3,427 0 3,947 3,000 2,500 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	1,444 4,390 36,007 0 9,987 5,567 21,437 0 7,7416 67,820 16,936 9,305 2,582 4,628 2,030 5,506 2,582 4,628 2,030 5,506 2,582 4,628 2,030 2,586 2,595 2,366 32,286 31,631 8,0318 8,0318 9,03100000000000000000000000000000000000	0 8,158 43,573 0 11,550 20,092 589,379 3,503 6,309 29,776 0 54,991 74,105 17,488 5,441 6,701 1,304 4,126 2,102 11,283 37,835 8,059 20,569 20,579 20,55	0 4,480 19,833 31,065 6,715 6,715 6,715 6,715 80,157 76,023 15,663 2,897 76,023 33 3,942 1,559 3,3942 17,710 56,883 0 0 3,3,162 3,3,00 2,288 63,714 0 0 0 0 0 0 0 0 3,3,00 0 0 0 0 0 0 0 0	0 5,269 18,979 23,021 28,311 28,311 28,311 28,311 28,312 48,519 88,750 81,211 19,974 3,459 81,701 7,728 3,083 1,407 4,387 1,420 15,399 80,395 1,551 42,976 3,300 15,55 66,445 808	6,400 7,775 39,977 1,500 22,753 31,703 546,676 22,667 5,147 7,7,450 4,127 78,986 78,231 10,536 1,267 310 8,681 3,163 3,163 3,163 3,163 3,163 3,163 3,163 3,163 3,163 3,163 3,163 4,726 2,676 1,980 4,726 2,676 1,980 4,726 2,676 3,300 15,476 8,628 2,427 3,300 2,044 55,576 6,108 9,128	4,911 7,884 86,919 2,034 26,027 25,287 622,890 21,311 7,484 96,435 90,050 20,689 4,053 2,211 14,445 4,99 4,378 4,378 4,378 4,378 4,378 4,378 4,378 4,378 4,378 4,378 4,378 4,378 4,378 4,212 4,378 4,475 4,477 4,475 4,477 4,475 4,477 4,475 4,477 4,475 4,275 4,4754,475 4,475 4,475 4,4754,475 4,475 4,4754,475 4,475 4,4754,475 4,475 4,4754,475 4,475 4,4754,475 4,475 4,475 4,4754,475 4,475 4,475 4,4754,475 4,475 4,475 4,475 4,475 4,4754,475 4,475 4,475 4,4754,475 4,475 4,475 4,4754,475 4,475 4,4754,475 4,475 4,4754,475 4,475 4,4754,475 4,475 4,4754,475 4,4754,475 4,475 4,4754,475 4,4754,475 4,4754,475 4,4754,475 4,4754,475 4,4754,475 4,4754,475 4,4754,475 4,4754,475 4,4754,475 4,475 4,4754,475 4,4754,475 4,4754,475 4,475 4,4754,475 4,4754,475 4,475 4,4754,475 4,4754,475 4,4754,475 4,4754,475 4,4754,475 4,4	15,000 7,700 76,600 23,000 25,500 10,600 83,000 500 21,000 21,000 21,000 21,000 21,000 21,000 21,000 21,000 21,000 1,500	Operation Expenses Legal Fees Telephone Airport Consultancies Bank Fees Insurance Rates Security in Departure Lounge Vermin Control Aviation Security Cand Bird Control Strategy Drug & Alcohol Management Aircraft Movement Area Remainder Of Movement Area Peroach Clearing Approach Clearing Approach Survey Extraordinary Inspections Lighting Inspections Markers, Cones and Wind Indicators Service Charges Airpont Emergency Exercises Lighting Airpont Tergency Charges Airpont Owners Assoc Membership Aviation Publications Paid Car Parking Airpont Signs Paid Car Parking Airpont Man R	10,000 8,000 55,000 26,000 25,000 790,000 25,000 80,000 95,000 95,000 95,000 2,500 10,000 5,000 2,500 10,000 5,000 10,000 10,000 1,000 10,	97,900 97,900 20,600 5,200 2,600 5,200 5,200 5,200 16,500 16,500 16,500 16,500 16,500 16,500 103,000 7,700 1,000 10,300	10,600 8,400 58,400 27,600 28,600 5,400 2,200 100,600 2,200 100,600 2,200 100,600 2,200 10,600 2,200 5,400 2,200 17,000 17,000 17,000 108,100 7,4300 1,000 7,4300 7,4300 7,4300	10,900 8,700 60,200 27,400 863,200 87,400 27,400 87,400 103,800 103,800 103,800 2,800 103,800 2,800 103,800 2,800 103,600 2,800 103,600 1,000 109,300 109,300 1,000 1,000 7,6500	5,800 112,600 8,300 1,000 78,800 11,200	11,500 8,300 6,000 91,5,800 92,000 92,000 92,700 92,700 110,100 110,100 110,100 110,100 110,100 110,100 110,000 6,000 6,000 6,000 6,000 139,000 139,000 139,000 146,000 139,000 146,000 146,000 146,000 146,000 146,000 146,000 146,000 146,000 146,000 146,000 146,000 146,000 146,000 140,000 10,000 14	6,200 119,500 8,800 1,000 83,600	12,200 9,900 6,800 30,800 971,600 98,400 2,700 116,800 116,800 116,800 116,800 12,200 6,400 6,400 6,400 6,400 19,700 147,600 147,600 123,100 9,100 123,100 9,100 123,100 9,100 123,100 9,100 12,200	10,200 89,800 6,600 31,700 1,000,700 2,800 120,300 120,300 120,300 120,300 120,300 120,300 12,600 2,800 6,600 6,600 0,2,800 126,800 152,000 6,800 126,800	6,80 130,60 9,70 1,00 91,40 13,00
129,480 95,635	118,097 69,728	134,771 59,000	114,000 51,053	87,996 41,763	156,996 101,791	176,003 109,522	204,000 243,472	213,000	267,996 237,881	280,000	Overheads and Debt Servicing Overheads to Airport Interest On Loans Airport	295,000 572,900		313,000 473,300			342,100 938,200				385,10 579,30
167,215	167,574	165,000	170,948	270,515	329,373	271,000	555,057	734,952	783,980	750,000	Non-Cash Depreciation - Airport	800,000	824,000	848,700			927,400	955,200		1,013,400	
893,903 29,432 167,215 196,647	(114,282) 167,574	1,008,698 516,525 165,000 681,525	1,325,769 465,226 170,948 636,174	1,606,767 655,054 270,515 925,569	1,941,460 523,918 329,373 853,291	2,466,678 432,624 271,000 703,624	2,656,645 (279,866) 555,057 275,191	3,077,889 (356,944) 734,952 376,008	3,552,223 (58,241) 783,980 715,739	31,600 750,000	Total Operating Expenses Operating Result - Surplus / (Deficit) Add Back Depreciation Cash Result - Surplus / (Deficit)	4,062,900 501,400 800,000 1,301,400	514,900	617,200 848,700	656,100 674,200	900,400	1,032,700 927,400	1,098,600 955,200	1,173,600 983,900	5,086,900 1,236,300 1,013,400 2,249,700	1,273,10
0 196,647 0 0 0	0 53,292 0 0 0 0	168,959 512,600 636,500 0 636,466 0	175,981 460,193 617,226 0 617,228 0	185,852 927,841 826,810 1,000,000 1,638,686 0	61,000		433,076 0 254,000 0 96,115 0	237,402 142,000 0 500,000 496,606 0	250,600 465,139 76,300 1,155,600 1,231,900 0	249,500 789,900 4,996,700 5,786,600	Capital Movements Less Loan Principal Repayments Less Transfer to Reserves Add Transfer from Reserves Add Capital Funding Less Capital Expenditure Cast Result after Capital Movements	838,700 462,700 255,300 4,647,700 4,903,000	458,200 280,000 0	270,000 0	566,600 490,600 0		604,500 21,800 0	624,500 422,500 0	648,900 373,200 0	726,700 473,900 0 0	1,187,10 324,60

			Table One	- Airnort - C	apital Expen	diture Summ	any						Funding	Sources	2012	/13	Funding	Sources	2013	3/14	Funding	Sources	2014			Sources	201	15/16
	1	· · · · ·	Table One	T		Intere Sentin	iai y		-				Grants /			General	Grants /			General	Grants /		1	General	Grants /			Genera
Asset Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Conts	Loans	Reserves	Revenue	Conts	Loans	Reserves	Revenue	Conts	Loans	Reserves	Revenue	Conts	Loans	Reserves	Revenu
Ballina Airport																												
Terminal Renovation	464,000	68,000					8,000,000								68,000	0		1 1	0	0			0	0			0	
Runway Upgrade	0		4,660,000												0	0		4,610,000	50,000	0			0	9			0	
Apron Extension	614,200	5,527,300				250,000					200,000	100,000	2,344,400	2,652,300	530,600	D			0	0			0	0			0	
Drainage Works	4,200	34,400		20,000	20,000	20,600	21,200	21,800	22,500	23,200	23,900	24,600			34,400	0		12,700	7,300	0			20,000	0			20,000	
Land Acquisition	52,400			· ·	· · ·			~		· ·					0	0		1 1	0	0			0	0			0	
Lease Area - Stage One	20,000	32,000	6,000			220,000	50,000								32,000	0			6,000	0			0	٥			0	
Runway Lighting	28,600								400,000	100,000					0	0			0	0			0	0			0	1
Helipad				10,000											0	0		1 1	0	0			10,000	0			0	
ong Term Car Park	48,500														Ó	0			0	0			0	0			0	1
Pedestrian Crossing														1	0	0			0	0			0	0			0	
CCTV		70,000													70,000	0			0	0			0	O			0	
Fence to Airside		1,600													1,600	0			60,000	0			0	0			0	
Foilets to Departure Lounge		10,300												(10,300	0			0	0			0	0			0	
Electronic Gate				1						1					0	0			0	0			0	0			0	
Shade Structures			1												0	0		1	0	0			0	0			0	1
andside Terminal Awning		22,200		1											22,200	0			0	0			0	0			0	1
Overlay to Rental Car Park		14,400	1		150,000		50,000			i i					14,400	0			0	0			0	0			150,000	
Storage Containers			12,000												0	0			12,000	0				0			0	
Storage Shed		4,400	65,000												4,400	0			65,000	0	1		0	D				
Obstacle Tower Lennox Head			80,000												0	0		25,000	55,000	0			0	0		1	100.000	
Fire Fighting Infrastructure (services etc)				250,000	100,000										0	0			0	0			250,000	0			100,000	
Car Park / Entrance Road				1			250,000			250,000					0	0			0	0				0				
PAPL/ PAALC											250,000				0	0			0					0				j l
Miscellaneous Infrastructure		2,000										200,000			2,000	0			0	0			0	0			0	
otal	1,231,900	5,786,600	4.903.000	280,000	270,000	490,600	8,371,200	21,800	422,500	373,200	473,900	324,600	2 344 400	2,652,300	789,900	0	1 0	4,647,700	255,300	0	0	(280,000	0	0	0	270,000	1

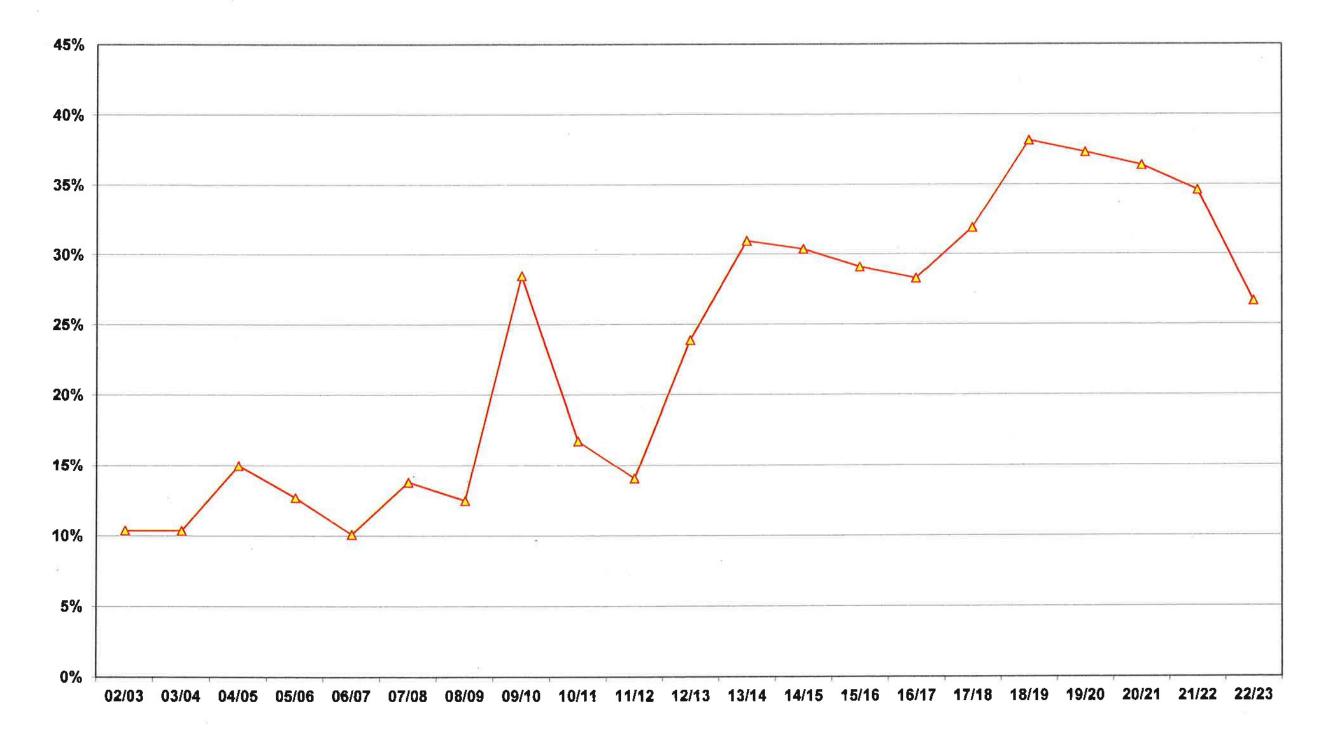
Table Two - Source of Capital Funding	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Capital Grants and Contributions	1,155,600	2,344,400	0	0	0	0	0	o	0	0	0	0
Loan Funds	0	2,652,300	4,647,700	0	0	0	8,000,000	0	0	0	0	0
Reserves	76,300	789,900	255,300	280,000	270,000	490,600	371,200	21,800	422,500	373,200	473,900	324,600
Council Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Total	1.231,900	5,786,600	4,903.000	280,000	270,000	490,600	8,371,200	21,800	422,500	373,200	473,900	324,600
		ļ										

Table Three - Cash Balance	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Opening Balance	239,600	87.000	(453,400)	(246,000)	(67,800)	207,600	283,600	498,400	1,081,100	1,283,100	1,558,800	1,811,600
Movement	(152,600)	(540,400)			275,400	76,000	214,800	582,700	202,000	275,700	252,800	862,500
Closing Balance	87,000	(453,400)	(246,000)	(67,800)	207,600	283,600	498,400	1,081,100	1,283,100	1,558,800	1,811,600	2,674,100
Dissection of Total Cash												
Council Reserve Balance	(454,400)	(453,400)	(246,000)	(67,800)	207,600	283,600	498,400	1,081,100	1,283,100	1,558,800	1,811,600	2,674,10
Unexpended Grant Funds	541,400	0	0	0	0	0	0	0	0	0	0	(
Unexpended Loan Funds	0	4,647,700	0	0	0	0	0	0	0	0	0	(
Total Cash Held	87,000	4,194,300	(246,000)	(67,800)	207,600	283,600	498,400	1,081,100	1,283,100	1,558,800	1,811,600	2,674,10

Table Four - Loan Summary	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Loan Principal	250,600	532,100	838,700	880,700	920,500	963,700	1,011,000	1,355,600	1,429,300	753,400	665,600	579,30
Loan Interest	234,700	416,400	572,900	526,100	473,300	418,100	679,800	938,200	852,300	1,523,000	1,129,800	(
Total	485,300	948,500	1,411,600	1,406,800	1,393,800	1,381,800	1,690,800	2,293,800	2,281,600	2,276,400	1,795,400	579,30
Total Principal Outstanding - 30 June	3,229,000	9,996,900	9,158,200	8,277,500	7,357,000	6,393,300	13,382,300	12,026,700	10,597,400	9,844,000	9,178,400	8,599,100



Ballina - Byron Gatweay Airport - Operating Income and Expense Analysis - 2002/03 to 2022/23



Ballina - Byron Gateway Airport - Debt Ratio - 2002/03 to 2022/23

4.2 Tender - Ballina Byron Gateway Airport Runway Overlay

Delivery Program	Commercial Services
Objective	To award the tender for the pavement overlay to runway 06/24 at the Ballina Byron Gateway Airport

Background

Tenders were called in June 2013 for contractors to undertake the construction of the asphalt runway overlay at the Ballina Byron Gateway Airport. The works have been planned for a number of years, with stage one, a partial overlay, completed in November 2008.

Originally it was predicted that this next program of works would be undertaken in 2011. The purpose of these works was to ensure that the pavement strength of the runway would be maintained for the next 10 years to accommodate existing and future services over this time.

The delivery of these works was able to be deferred for approximately two to three years due to the continued strength of the runway, however with the ever increasing traffic at the airport these works are now considered essential.

This report deals with the outcomes from the tender process.

Key Issues

- Award the contract in accordance with the Local Government (General) Regulations 2005
- Engage a suitably qualified and experienced contractor to undertake the works in accordance with the design brief

Information

Tenders closed on 23 July 2013 with three conforming tenders as follows:

Tenderer	Tendered Amount (excl GST)
Boral	\$8,043,306.44
Downer	\$6,997,549.41
Fulton Hogan	\$5,114,040.20

The prices for Boral and Downer included all provisional sums.

The tender from Fulton Hogan excluded provisional amounts.

The tendered price from Fulton Hogan with provisional amounts included is \$5,837,346.20.

The consultant estimate for this work was \$4,976,942.50.

The tender evaluation panel assessed each of the tenders against the stated evaluation criteria and a summary of the rankings follows:

Evaluation Criteria	Fulton Hogan Pty Ltd	Downer EDI	Boral Asphalts
Total Price – 40%	40.0%	32.5%	25.0%
Capability – 30%	24.6%	24.6%	24.0%
Overlay/Safety/Works Program – 30%	24.0%	24.0%	21.0%
Total	88.6%	81.1%	70.0%

Fulton Hogan was assessed as the preferred contractor, however the price exceeded the available budget.

Based on the significant difference in pricing from the tenderers Council officers arranged for a confidential tender clarification from Fulton Hogan only, for the purposes of ensuring all conditions of their tender met with the airport requirements and to clarify some areas of their tender.

The meeting also discussed the deletion of certain parts of the work including the cost of hardstand for the asphalt plant, the provision of airside security guard, a reduction in the textured area of the runway, the use of crack fillers, runway grooving and the new clearway pavement whilst retaining all unit rates.

In addition, a number of provisional items including placement of topsoil to the runway edges, grassing of affected areas and the widening of Taxiway Alpha were removed from the scope of works.

It is proposed for a number of these items including construction of hardstand, provision of security guard, topsoil and grassing works to be delivered directly by Council.

The revised tender price (excluding GST) is \$4,302,315.70.

The total cost of the project is now estimated as follows:

Revised tendered amount - \$4,302,315.70 Other costs including consultants, internal charges and contingencies -\$357,650.00

Total estimated costs - \$4,659,965.70 (excl GST)

Fulton Hogan has extensive Airport experience with projects of similar scope and size to the proposed overlay and can easily undertake the work involved.

They are currently undertaking a similar project at Coffs Harbour Airport with an expected completion date of mid to late September 2013.

The proposed construction management team has many years of experience in similar projects and is available to commence work in October 2013, as required.

4.2 Tender - Ballina Byron Gateway Airport Runway Overlay

The reference checks indicate that Fulton Hogan have the staff, plant, equipment and management structure to successfully complete the work required and provide an excellent result. All referees contacted would happily re-engage Fulton Hogan to undertake similar work at their airport.

Legal / Resource / Financial Implications

Council has allowed funding of \$4,635,000 in the 2013/2014 budget for this project. The current estimate for these works is \$4,659,966, a shortfall of \$24,966.

The first report in this agenda provides a review of the airport budget to allow these works to proceed.

Consultation

A public tender process was undertaken for this contract.

Options

Under the Local Government (General) Regulations 2005, Council must either accept the tender that "appears the most advantageous" or decline to accept any tender.

- 1. Council may determine not to accept any of the tenders received and invite fresh tenders or not to proceed with the works.
- 2. Council may award the contract to Fulton Hogan Pty Ltd to undertake the runway overlay works at the Ballina Byron Gateway Airport.

Option one is not recommended as Council has undertaken the tender process in accordance with the Local Government (General) Regulations 2005.

Option two is recommended as the preferred option as the tender assessment indicates that a reliable market has been established and the assessment by the evaluation panel has determined the preferred tenderer.

Fulton Hogan Pty Ltd is a long established and well respected company who specialise in undertaking these works.

RECOMMENDATIONS

- 1. That Council accepts the tender from Fulton Hogan Pty Ltd, for the amount of \$4,302,315.70 (+GST), to undertake the runway overlay works at the Ballina Byron Gateway Airport.
- 2. That Council authorises the Council seal to be attached to the contract documents.

Attachment(s)

Nil