



## **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

A handwritten signature in black ink, appearing to read 'Paul Hickey', with a long horizontal line underneath.

Paul Hickey  
**General Manager**

## Table of Contents

1.	Apologies.....	1
2.	Declarations of Interest.....	1
3.	Deputations .....	1
4.	Committee Reports.....	2
4.1	Ballina-Byron Gateway Airport - Long Term Financial Plan	2
4.2	Tender - Ballina Byron Gateway Airport Runway Overlay	12

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

**1. Apologies**

**2. Declarations of Interest**

**3. Deputations**

## 4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan

---

### 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.

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

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
<b>Operating Surplus / (Deficit)</b>	<b>(360)</b>	<b>(70)</b>	<b>31</b>	<b>391</b>
Add Back Depreciation	735	784	750	800
<b>Cash Operating Surplus</b>	<b>375</b>	<b>714</b>	<b>781</b>	<b>1,191</b>
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)
<b>Net Reserve Movement</b>	<b>(358)</b>	<b>(152)</b>	<b>0</b>	<b>82</b>
<b>Reserve Balance (Deficit)</b>	<b>(302)</b>	<b>(454)</b>	<b>(454)</b>	<b>(372)</b>

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

## **4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan**

---

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**

## **4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan**

---

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.

## 4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan

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.

**Table Two – Original and Revised Capital Expenditure Budget**

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
<b>Total</b>	<b>4,917,000</b>	<b>4,903,000</b>	<b>310,000</b>	<b>280,000</b>

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.

## **4.1 Ballina-Byron Gateway Airport - Long Term Financial Plan**

---

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)
  - 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) :
  - Terminal Area Master Plan
  - New access road
  - 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)
  - Design
  - Approvals
  - Construction (on time and on budget) with no lost time injuries (LTI'S)
  - 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)
  - 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)
  - 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 - Byron Gateway Airport - Operating Result and Cash Flow Analysis - 2002/03 to 2022/23																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
2002/03	2003/04	2004/05	2005/06	2006/07	Actual										Description	Estimated																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
					2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
<b>OPERATING REVENUES</b>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										

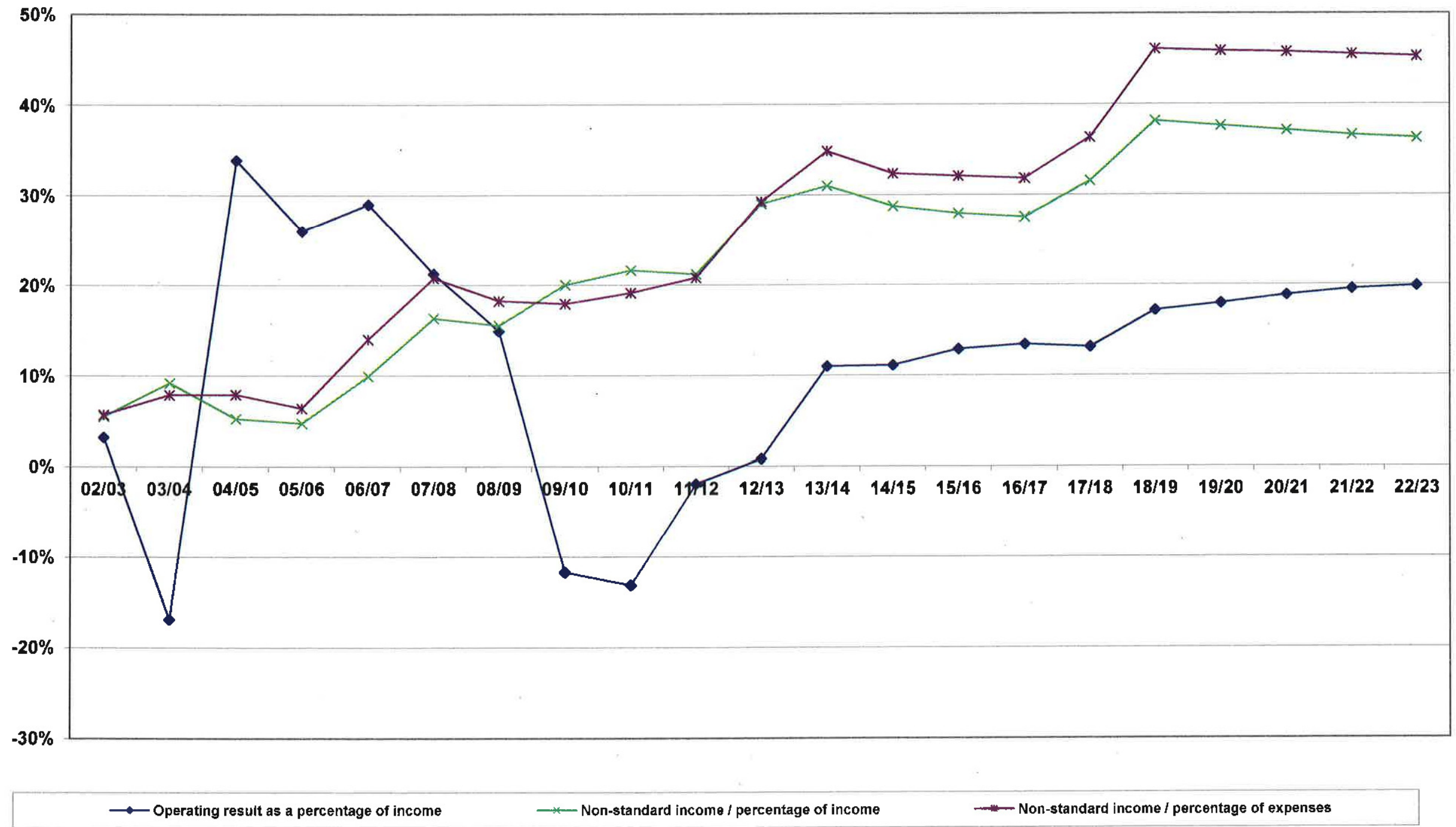
Asset Description	Table One - Airport - Capital Expenditure Summary												Funding Sources 2012/13				Funding Sources 2013/14				Funding Sources 2014/15				Funding Sources 2015/16				
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Grants / Conts	Loans	Reserves	General Revenue	Grants / Conts	Loans	Reserves	General Revenue	Grants / Conts	Loans	Reserves	General Revenue	Grants / Conts	Loans	Reserves	General Revenue	
	Ballina Airport Terminal Renovation	464,000	68,000					8,000,000								68,000	0		0										0
Runway Upgrade	0		4,660,000												0		4,610,000	50,000										0	0
Apron Extension	614,200	5,527,300				250,000					200,000	100,000	2,344,400	2,652,300	530,600													0	0
Drainage Works	4,200	34,400	20,000	20,000	20,000	20,600	21,200	21,800	22,500	23,200	23,900	24,600			34,400		12,700	7,300				20,000					20,000	0	
Land Acquisition	52,400														0													0	0
Lease Area - Stage One	20,000	32,000	6,000			220,000	50,000								32,000			6,000										0	0
Runway Lighting	28,600								400,000	100,000					0													0	0
Helipad				10,000											0							10,000						0	0
Long Term Car Park	48,500														0													0	0
Pedestrian Crossing															0													0	0
CCTV		70,000													70,000													0	0
Fence to Airside		1,600	60,000												1,600			60,000										0	0
Toilets to Departure Lounge		10,300													10,300													0	0
Electronic Gate															0													0	0
Shade Structures															0													0	0
Landside Terminal Awning		22,200													22,200													0	0
Overway to Rental Car Park		14,400			150,000		50,000								14,400												150,000	0	0
Storage Containers			12,000												0			12,000										0	0
Storage Shed		4,400	65,000												4,400			65,000										0	0
Obstacle Tower Lennox Head			80,000												0		25,000	55,000										0	0
Fire Fighting Infrastructure (services etc)				250,000	100,000										0						250,000							100,000	0
Car Park / Entrance Road						250,000				250,000					0													0	0
PAPI / PAALC											250,000				0													0	0
Miscellaneous Infrastructure		2,000									200,000				2,000													0	0
<b>Total</b>	<b>1,231,900</b>	<b>5,786,600</b>	<b>4,903,000</b>	<b>280,000</b>	<b>270,000</b>	<b>490,600</b>	<b>8,371,200</b>	<b>21,800</b>	<b>422,500</b>	<b>373,200</b>	<b>473,900</b>	<b>324,600</b>	<b>2,344,400</b>	<b>2,652,300</b>	<b>789,900</b>	<b>0</b>	<b>0</b>	<b>4,647,700</b>	<b>255,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>280,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>270,000</b>	<b>0</b>	

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	0	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
<b>Total</b>	<b>1,231,900</b>	<b>5,786,600</b>	<b>4,903,000</b>	<b>280,000</b>	<b>270,000</b>	<b>490,600</b>	<b>8,371,200</b>	<b>21,800</b>	<b>422,500</b>	<b>373,200</b>	<b>473,900</b>	<b>324,600</b>

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	239,800	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)	207,400	178,200	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
<b>Dissection of Total Cash</b>												
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	2,674,100
Unexpended Grant Funds	541,400	0	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	0
<b>Total Cash Held</b>	<b>87,000</b>	<b>4,194,300</b>	<b>(246,000)</b>	<b>(67,800)</b>	<b>207,600</b>	<b>283,600</b>	<b>498,400</b>	<b>1,081,100</b>	<b>1,283,100</b>	<b>1,558,800</b>	<b>1,811,600</b>	<b>2,674,100</b>

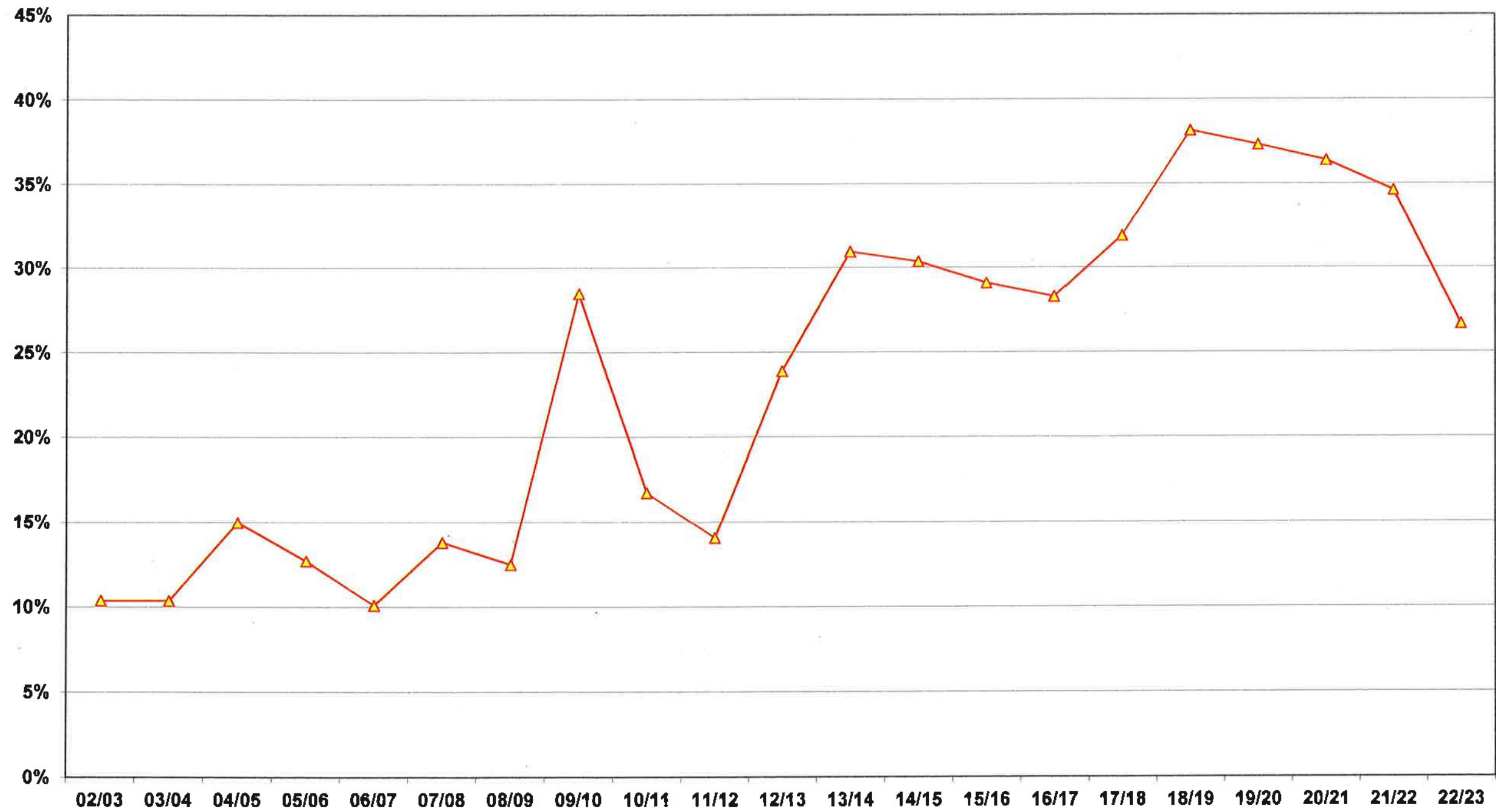
Table Four - Loan Summary	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Loan Principal	250,600	532,100	838,700	860,700	920,500	963,700	1,011,000	1,355,600	1,429,300	753,400	665,600	579,300
Loan Interest	234,700	416,400	572,900	526,100	473,300	418,100	679,800	938,200	852,300	1,523,000	1,129,800	0
<b>Total</b>	<b>485,300</b>	<b>948,500</b>	<b>1,411,600</b>	<b>1,406,800</b>	<b>1,393,800</b>	<b>1,381,800</b>	<b>1,690,800</b>	<b>2,293,800</b>	<b>2,281,600</b>	<b>2,276,400</b>	<b>1,795,400</b>	<b>579,300</b>
<b>Total Principal Outstanding - 30 June</b>	<b>3,229,000</b>	<b>9,996,900</b>	<b>9,158,200</b>	<b>8,277,500</b>	<b>7,367,000</b>	<b>6,393,300</b>	<b>13,382,300</b>	<b>12,026,700</b>	<b>10,597,400</b>	<b>9,844,000</b>	<b>9,178,400</b>	<b>8,599,100</b>

Ballina - Byron Gateway 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**

---

### **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:

## 4.2 Tender - Ballina Byron Gateway Airport Runway Overlay

---

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%
<b>Total</b>	<b>88.6%</b>	<b>81.1%</b>	<b>70.0%</b>

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