



# **LATE ITEMS ORDINARY MEETING**

## **AGENDA**

**9 JUNE 2020**

*Your attendance is required at an Ordinary meeting of Council to be held in the Council Chambers, 232 Bolsover Street, Rockhampton on 9 June 2020 commencing at 9.00am for transaction of the enclosed business.*

A handwritten signature in black ink, appearing to be "C. P.", written in a cursive style.

**CHIEF EXECUTIVE OFFICER**  
8 June 2020

Next Meeting Date: 23.06.20

**Please note:**

In accordance with the *Local Government Regulation 2012*, please be advised that all discussion held during the meeting is recorded for the purpose of verifying the minutes. This will include any discussion involving a Councillor, staff member or a member of the public.

---

## TABLE OF CONTENTS

---

ITEM	SUBJECT	PAGE NO
10	OFFICERS' REPORTS .....	1
10.9	ROCKHAMPTON AIRPORT TERMINAL UPGRADE - PROJECT FUNDING REQUIREMENTS.....	1

---

## 10 OFFICERS' REPORTS

### 10.9 ROCKHAMPTON AIRPORT TERMINAL UPGRADE - PROJECT FUNDING REQUIREMENTS

**File No:** 3821  
**Attachments:** Nil  
**Authorising Officer:** Evan Pardon - Chief Executive Officer  
**Author:** Peter Kofod - General Manager Regional Services

---

#### SUMMARY

*This report seeks Council commitment for the remaining funding required to complete Stage – 1 works and to also consider the allocation of an additional \$2.5M to bring forward a component of the Stage 2 works.*

#### OFFICER'S RECOMMENDATION

THAT Council:

1. Notes the current status of project.
2. Accept cost estimate of \$41.00M to complete all works of Airport Terminal Building upgrade project as per Council adopted Master Plan layout.
3. Commit to the allocation of \$12.50M to complete Stage – 1 works and part of Stage - 2 works.

#### COMMENTARY

The current cost estimate to complete the Airport Upgrade is \$41M. The construction is broken into two stages Stage -1 \$22.00M and Stage -2 \$19.00M. The total project is based on the detailed design of Stage -1 works (\$22M) and the preliminary design of Stage-2 works (\$19M).

The current approved budget including the Federal Government grant for supply of new security equipment is approximately \$12.00M.

Construction activities for a part of Stage -1 works commenced from first week of April 2020. Installation of new Security Equipment for passengers and cabin baggage screening equipment with their enclosure works are on schedule for completion by end September 2020.

The contract for the remaining works as part of Stage 1 has not been issued as there is currently insufficient budget. These works are essential building refurbishment works and electro-mechanical works as part of reconfiguration works of the Terminal building. A commitment to fund up to \$10M is required by Council to allow the contract to be awarded. These works need to commence immediately to ensure completion by the December 2020 deadline.

It is also requested Council consider committing an additional \$2.5M to allow a component of the Stage 2 works to be brought forward. This would allow the construction of two Airlines Lounges and two new concessionaires within the departure lounge in line with other Australian regional airports. This represents a great opportunity to enhance the overall financial return to Council from the airport operation and also provide significant operational efficiencies which have been identified by the airlines and airport management.

This change in project scope for Stage 1 increases the funding requirement for Stage -1 to \$12.50M.

## BACKGROUND

In January 2020 Council received a grant of \$4.30M from the Department of Home Affairs for upgrade of Aviation Security Screening Equipment. In anticipation of this grant Council included a minimal reconfiguration of airport facilities in two (2) stages. Stage -1 with a budget of \$3.044M for building works involved to accommodate much larger footprint of the new screening equipment and \$3.050M in Stage-2 (in the 2022/23 year) for relocating mainly concessionaries within departure lounges.

This did not include any funding for mechanical HVAC and electrical works.

Council separately approved a budget of \$1.346M to replace the air conditioning system's chilled water unit and \$0.35M for Airport Terminal LV cable upgrade. Totaling \$7.790M.

While Terminal LV cable upgrade and part of mechanical HVAC works have been completed. The remaining works to replace the air conditioning system chilled water unit have been included in the scope of main airport Terminal Building refurbishment works.

## PREVIOUS DECISIONS

Council adopted the Master Plan and endorsed the commencement of works on 4 February 2020.

Accept in principle the Rockhampton Airport Terminal Building Upgrade project as per the attached Master Plan layout.

Approve to commence works related to supply and installation of new security equipment related building refurbishment and compliance upgrade works.

Accept to commence detailed design and cost estimate to complete remaining upgrade works, as per the adopted Master Plan and report back in May 2020; and

While commencing works to install and upgrade security equipment upgrade works Council must actively explore possibilities of new grants to complete all remaining upgrade works as per the adopted Master Plan.

## BUDGET IMPLICATIONS

<b>Cost Estimate – Stage 1</b>	<b>\$22,000,000</b>
<b>Bring forward Part Stage 2</b>	<b>\$2,500,000</b>
<b>Total Project Cost Estimate</b>	<b>\$24,500,000</b>
<b>Available Funds</b>	
Federal Govt Grant	\$4,300,000
Current council budget	\$7,779,000
<b>Total Funds available</b>	<b>\$12,000,000</b>
<b>Balance Funds Required</b>	<b>\$12,500,000</b>

Additional funding is up to \$12.5M depending on the outcome of current grant submissions.

**RISK ASSESSMENT**

If the remaining refurbishment works (Stage 1) are not completed it could result in non – compliance risks and the completed works may not be fit for purpose.

**CONCLUSION**

The Airport Terminal Security Upgrade and building refurbishment works for Stage 1 are currently in construction phase. The report outlines the requirement to commit to the additional funding of \$10M and also recommends an additional \$2.5M to improve operations and potential commercial returns.