

WARREN SHIRE COUNCIL
Report of the General Manager
to the Ordinary Meeting of Council to be held at
Council Community Room, Warren on Thursday, 27th July 2023

ITEM 5

WARREN AIRPORT PROJECTS

(C13-81, G4-1.16)

RECOMMENDATION that:

1. Council receives and notes the information in the report for the proposed completion of Infrastructure Projects - *Warren Airport Terminal Building* (Contract C13-81) and *Stormwater and Drainage Work on Runway 03/21*".
2. Council provides an amount of \$550,340 from available internal restricted funds for infrastructure improvement and replacement to undertake all necessary work at the Warren Airport to complete the project to the required reduced scope.
3. Council accept the negotiated tender price submitted by BRD Design & Construction Pty Ltd in the recommended tender amount of \$486,000.00 (excluding GST), for the rescope Contract No. (C13-81) for the Construction of New Warren Airport Terminal Building, Warren NSW.
4. Council authorise to affix the Seal of Council to the rescope Contract No. (C13-81) for the *Construction of New Warren Airport Terminal Building, Warren NSW*.

BACKGROUND

Further to May 23rd, 2023, Council Meeting resolution (151.5.23), a report for the proposed Infrastructure Projects at Warren Airport – “WARREN AIRPORT PROJECT (CONFIDENTIAL)” consisting with the below recommendations was presented at July 2023 Airport Operations Committee meeting held on 3rd July 2023.

“RECOMMENDATION TO COUNCIL: *that:*

1. *Council resolves, pursuant to Clause 178 (3) (e) of Local Government (General) Regulation 2021, to not accept any tenders received for Contract No. C13-81 for the Construction of New Warren Airport Terminal Building, Warren NSW, that Council not readvertise to invite fresh tenders for the project and instead enter into negotiations with BRD Design and Construction Pty Ltd., the most advantageous tenderer, as the tenderer is suitable to undertake the work, was the cheapest tender received for the full build, is a local contractor and is able to commence and complete the expected project within a reasonable timeframe and at a cost that is more reasonable with the reduced scope for the project.*
2. *Subject to final negotiations with BRD Design and Construction Pty Ltd. Council provide the amount of \$530,000 from available internally restricted funds for infrastructure improvement and replacement to undertake all necessary work at the Warren Airport to complete the project to the required reduced scope.”*

It was identified that completion of Warren Airport Projects is considered vitally important for the economic development of the Airport and additional funding is required for the efficient and effective completion of the following priority project components:

- Warren Airport Terminal upgrade;
- Works associated with stormwater drainage improvement works on Runway 03/21; and
- Miscellaneous Works around the Terminal building.

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The Warren Airport Masterplan is the principle driver of economic development outcomes and long-term community benefits. The projects identified are a result of community consultation through the Warren Airport Committee and Council, which has prepared budgets to meet the projects identified and to meet long term commitments to asset and infrastructure upgrades that will attract airport users and commercial industry.

REPORT

Warren Airport Terminal Building (Contract C13-81)

Pursuant to Clause 178 (3) (e) of Local Government (General) Regulation 2021 and in accordance with Airport Operations Committee recommendations, Council entered negotiations with BRD Design and Constructions Pty Ltd, the most advantageous tender, and sought a revised price for the changed scope of works for a reconfigured Terminal Building.

The reconfigured Terminal Building has now a combined Aero Club Training Portion with two office spaces for a potential commercial operator to lease, an entry foyer with an entry side covered walkway, a kitchen and modified the amenities, incorporating a shower in the unisex accessible toilet, conforming to compliance requirements. Areas and facilities in the Terminal Building can be accessible by other users of the Airport are entry side covered walkway, entry foyer and an ambivalent toilet accessible from outside.

Council's Consultant, Barnson has revised the Architectural drawings based on the preferred option agreed by the Airport Operations Committee. The revised plan has taken into consideration the potential commercial operator requirements, the current needs of the community, and the need of using the Terminal Building by other users. The potential commercial operator has been given a copy of the revised final Architectural drawings as part of the consultation with the operator.

BRD Design and Constructions Pty Ltd was asked to resubmit the Tender Form and Schedule of Prices for the Construction of new Terminal Building (C13-81) based on the revised Architectural drawings.

BRD Design and Constructions Pty Ltd in return submitted all forms and schedules as requested. BRD Design and Constructions Pty Ltd revised tender price is \$508,727.27 Excl GST (\$559,600.00 Incl GST). Further reductions have reduced the tender price to \$486,000.00 Excl GST (\$534,600 Incl GST).

Tender Evaluation

A detailed assessment of revised tender price received was carried out and is tabulated in Cost Comparison Spreadsheet (Refer to **Appendix A**).

BRD Design & Constructions Pty Ltd tender included optional additional inclusions. BRD Design & Constructions Pty Ltd was asked to exclude those options that are technically not required and not considered essential for the completion of the works.

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The table below gives a cost summary of the BRD Design and Constructions Pty Ltd offer, and options included or excluded.

No	Tenderer's Offer and suggestions	Tendered Amount (Revised) Excl GST	Comments
1	BRD Design & Constructions Pty Ltd	\$508,727.27	Revised Tender Offer
2	Solid 250 mm concrete slab with void former instead of waffle pods	-\$9,090.91	Additional thickening is technically not adequate and is not required. Foundation designed as is to follow.
3	Earthwork to lift the building floor level	-\$4,545.45	Earthwork for lifting the floor is required only in the new building footprint
4	Partial deletion of Concrete Pathway Pavement	-\$9,090.91	Revised price allowed for a total of \$25,454.55 for concrete pavement.
5	Recommended Tender Amount	\$486,000.00	

BRD Design and Constructions Pty Ltd in its revised offer confirmed that they have carefully reviewed the amended plans and rechecked costs with all suppliers. BRD Design & Constructions Pty Ltd Tender Amount is 19% (as shown in the Cost Comparison spreadsheet at **Appendix A**) –above the revised pre-tender estimate, reflects current market values and is considered reasonable.

BRD Design and Constructions Pty Ltd in return confirmed that site works will be able to commence earlier than originally indicated (November 2023), date of start of site works to be confirmed.

Referee contacted indicated satisfactory past performance by BRD Design & Constructions Pty Ltd on recent contracts. BRD Design & Constructions Pty Ltd has demonstrated satisfactory Work Health and Safety management on previous projects.

BRD Design & Constructions Pty Ltd is considered capable of completing the works satisfactorily.

Sufficient area of the site is available to commence the work. Tendering checklist has been duly completed.

The Recommended Tender Amount is \$486,000 (excluding GST). The Recommended Tender Amount represents best value for money for the revised scope of works.

It is recommended that the revised tender submitted by BRD Design & Constructions Pty Ltd, in the Recommended Tender Amount of \$486,000.00 (excluding GST), be accepted for the rescope Contract No. (C13-81) for the Construction of New Warren Airport Terminal Building, Warren NSW.

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Works associated with Stormwater drainage improvement works on Runway 03/21 and Miscellaneous Terminal Works.

Cost estimate of works associated with stormwater drainage improvement works for Runway 03/21 and Miscellaneous Terminal Area works are detailed in the attached Warren Airport Outstanding Works Listing (see **Appendix B**).

Scope of the Works considered are detailed in the following sections: -

Stormwater drainage improvement works on Runway 03/21

The recent flooding and rain events have caused closure of the Runway 03/21 for a number of months. This is caused by the submergence of the southern end of the runway from excess runoff accumulated. Nevertire Irrigation Scheme (NIS) channel running across the drainage path at the southern end of the property prevents natural drainage to Sandy Creek. The proposed mitigation measure is a combination that increases the retention capacity of existing drainage channels and pumping out any excess runoff from rain events such that runoff to remain ideally below the southern end of Runway 03/21. Scope of the Works considered are as follows: -

- Extension of existing storm water open channel by ~ 200M towards southeast of the property.
- Installation of Temporary Diesel Pump to pump out excess runoff to Sand Creek; and
- Installation of discharge line from the stormwater pumping station to Sandy Creek. This includes under-boring the TNIS Channel to install 150 mm discharge line, subject to approval from Authorities and stakeholders.

Cost estimated for these works amounts to \$130,023.21 excluding GST.

Miscellaneous Terminal Works

The proposed miscellaneous terminal works listed below are viewed as necessary works for the full completion of the terminal building precinct. Considering the reduced footprint of the building, power pole relocation is not essential as it is currently located outside the construction footprint of Terminal Building. Noting that the existing taxiway in front of the proposed Terminal Building passes through a narrow-piped section of Stormwater drainage line running across the taxi way. As incidents of lighter planes falling into the existing channel is apparent, piping of sections of the storm water channel towards the Terminal Building and reinstating the ground in this area will alleviate any safety concerns on the existing taxiway tarmac. Excluding the Terminal Building from Airside is considered necessary as the building may often be used by the public and others (e.g., Flying School staff). Once the new Terminal Building is complete, new fencing will be erected to make this effect.

Scope of the Miscellaneous Terminal Works are as follows: -

- New diplomatic fencing to delineate/ exclude the Terminal Building from Airside;
- Minor landscaping around the terminal Building; and
- Piping of approximately 30 m of stormwater open channel near the Terminal building.

Cost estimated for these works amounts to \$77,850.00 excluding GST.

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Some of the above proposed infrastructure projects at Warren Airport have been funded through the Drought Stimulus Package Funding program RNIG2-004-NSW DPIE grant. For the 2022/2023 fiscal year, a budget of \$185,240 has been allocated for the Warren Airport Upgrade Projects.

In summary, it has been estimated that an additional \$550,340 is needed to complete all the necessary work.

No	Project Description	Fund Need (excluding GST).	Fund Available (excluding GST)
1	Warren Airport Terminal Building (Contract C13-81)	\$486,000.00	
2	Stormwater drainage improvement works on Runway 03/21	\$130,023.21	
3	Miscellaneous Terminal Works.	\$77,850.00	
4	Drought Stimulus Package Funding program RNIG2-004-NSW DPIE grant		\$185,240.00
5	Site supervision	\$12,000.00	
6	Contingency -4.5%	\$29,707.33	
	Total	\$735,580.54	\$185,240.00
	Fund Gap/ Deficiency	\$550,340.00	

A contingency in the order of ~4.5% is allowed to cater for any unforeseen circumstances.

FINANCIAL AND RESOURCE IMPLICATIONS

It has been recommended by the Airport Operations Committee at the July 2023 Meeting that Council allocate \$530,000.00 from Infrastructure Improvement/Replacement Reserve, the funding required for the Warren Airport project. It is now envisaged that a funding shortage of \$20,340.00 is likely to occur if all facets of the projects proceed now. Through this shortage is within the contingency catered for, rescoping of works associated with Stormwater drainage improvement works on Runway 03/21 and Miscellaneous Terminal Works as well be considered.

A grant application has been submitted through the Growing Regional Economies Fund Grant Program to wholly support the project. However, success of the grant is not guaranteed.

Council will continue to look and apply for any other grant opportunities that may come up time to time. If the Council is successful in receiving any grants, an amount equivalent to the funds received would be returned to the Infrastructure Improvement/Replacement Reserve. Unfortunately, there is no grant opportunity currently available for the listed works to apply and avail.

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LEGAL IMPLICATIONS

Warren Shire Council is expected to enter into a lease agreement with Bankstown Flying School Pty Ltd for perhaps a five (5) year term with possible extension of further five (5) years.

It is expected that the success of any future grants for the Warren Airport will not be endangered by the arrangements of the necessary work over the next few months as there are no other pending grant applications.

RISK IMPLICATIONS

Inaccurate estimates can lead to budget overruns. Since most the works items have been costed from conforming tender and quotations received, a reasonable minimal contingency (4.5%) amount has been factored in the estimates for any unforeseen circumstances.

Noting that the Warren Airport has no Terminal Building at present. An incomplete or partially completed Airport precinct will have safety and risks having associated cost implications.

STAKEHOLDER CONSULTATION

The Warren Airport Operations Committee has made aware on the progress of Terminal Building tendering, rescoping of works and all necessary to works complete the stormwater drainage improvement works on Runway 03/21 and other miscellaneous terminal Works.

OPTIONS

The Council may approve or reject this request fully or severally for additional funding for the projects listed.

CONCLUSION

This request is to allow the finalisation of the projects at Warren Airport to an appropriate standard.

LINK TO POLICY AND / OR COMMUNITY STRATEGIC PLAN

- Warren Shire Council's Procurement and Disposal Policy.
- The development of the Warren Airport is being undertaken from the community identification of required upgrades to the Airport to meet medical and social needs. Infrastructure Strategies from Warren Shire Council's (WSC) IP&R document, 'Community Strategic Plan – Warren Shire 2027' aligns with the project:
"Objective 3.1.3 – Maintain and enhance the local aerodrome and promote its use".
- Council has developed a set of master planning documents that includes the Warren Village Plans in which the community has adopted the following:
"7.16 – Warren Airport is a significant asset both to the town and the Shire."

SUPPORTING INFORMATION / ATTACHMENTS

Under separate cover due to Confidentiality:

Appendix A - Cost Comparison Spreadsheet (Confidential).

Appendix B – Warren Airport outstanding works listings and costing (Confidential).