

# **LORD HOWE ISLAND BOARD**

## **Business Paper**

### **OPEN SESSION**

#### **ITEM**

Airport Terminal Upgrade Project Update

#### **RECOMMENDATION**

It is recommended that the Board note the report.

#### **BACKGROUND**

The project has been underway since March 2016, and consists of two distinct components:

1. Project and Construction Management, and Design Services; and
2. Construction.

The project budget was initially established at \$1,981,604 (excl GST). The costs for the project have increased to approximately \$2,500,000 (excl GST). The funding for the project is being sourced through:

- |   |                          |
|---|--------------------------|
| 1. Infrastructure NSW - Restart NSW funding | - \$1,800,000            |
| 2. Board Capital 16/17                      | - \$130,000              |
| 3. Board Capital 17/18                      | - \$450,000              |
| 4. Rodent Eradication Project               | - \$150,000              |
| TOTAL                                       | - \$2,530,000 (excl GST) |

STEA Astute Architecture P/L were the successful tenderers for the Project and Construction Management and Design Services Contract and commenced work on the project at the beginning of July 2016.

#### **CURRENT POSITION**

Following the 22 November 2016 approval of the Development Application, the tender for the construction of the new terminal was advertised on NSW e-tendering between 22 February and 26 March 2017.

The tender evaluation has been completed and a briefing note seeking approval to award the contract was sent to the Office of Local Government (OLG) for forwarding to the NSW Minister for the Environment on Friday 5 May 2017. No announcement of the preferred tenderer can be made until the Minister's approval of the briefing note.

The preferred tenderer's price fits within the project budget of \$2,530,000. However, with little contingency available, discussions have commenced with the preferred tenderer and architect to identify potential cost savings.

The project team is continuing to discuss the temporary terminal arrangements and timing with Lord Howe Island Travellers, the Airport Kiosk operators and other interested parties. The temporary terminal facilities are planned to be ready for occupation around 22 May, so that the tenants can relocate progressively. When the relocation to the temporary facilities occurs, there will be no effect on QantasLink planes.

A scope of work for the demolition contract has been finalised and discussions are underway with a group of Island contractors to obtain a lump sum quote for the work. The demolition work is planned to commence on 5 June and take less than 2 weeks to complete. A Householder has been issued inviting the community to nominate items and materials from the existing terminal that they would like to recover, and thus reduce the volume of waste generated from the demolition.

As the Principal under the Contract, the Board has purchased materials for the new terminal concrete slab, the majority of which are arriving on the special voyage chartered by the Board, due at the Island on 12 May. This was necessary to ensure that upon award of the Contract, the preferred tenderer could mobilise quickly to site, without having to wait for the shipping of materials.

Based on a late May decision to award the contract, the preferred tenderer's program shows a late November 2017 finish. However, preliminary discussions with the contractor indicate a willingness to work collaboratively to bring the program back on schedule as much as possible.

### **RECOMMENDATION**

It is recommended that the Board note the report.

**Prepared:** Andrew Logan, Manager Infrastructure & Engineering Services

**Endorsed:** Penny Holloway, Chief Executive Officer