

**REPORT TO: ECONOMIC DEVELOPMENT COMMITTEE - 14TH JANUARY 2002**

**REPORT ON: DUNDEE AIRPORT:-**

**A REVIEW OF AIRPORT DEVELOPMENT AND A**

**FOUR YEAR CAPITAL EXPENDITURE PLAN: 2002-03 TO 2005-06**

**REPORT BY: DIRECTOR OF ECONOMIC DEVELOPMENT**

**REPORT NO.: 37-2002**

**1. PURPOSE OF REPORT**

- 1.1. The purpose of this report is to propose a firm programme of capital investment at Dundee Airport for Financial Year 2002-03 and to set out an indicative programme for the three following years. If approved the programme will become a formal submission to the Department of Local Government, Transport and the Regions, for specific Capital Borrowing Consent.

**2. RECOMMENDATIONS**

- 2.1. It is recommended that the Committee should approve the report and authorise its formal submission to the Department of Local Government, Transport and the Regions with a request for Capital Borrowing Consent for the FY 2002-03 programme.

**3. FINANCIAL IMPLICATIONS**

- 3.1. The Financial implications of each proposal are considered in the attached subject reports. A provisional bid for sufficient Capital Borrowing Consent to implement the recommended 2002-03 programme has been lodged with the DLTR, but there has not yet been any indication of its acceptability.

**4. LOCAL AGENDA 21 IMPLICATIONS**

- 4.1. There are no implications for Local Agenda 21.

**5. EQUAL OPPORTUNITIES IMPLICATIONS**

- 5.1. There are no negative equal opportunities implications.

**6. REPORT**

- 6.1. Dundee Airport requires to carry out a programme of Capital investment in two main categories which are:

- The replacement or upgrading of facilities that have become life-expired, or inadequate for existing needs.
- Investment in new facilities which will provide the airport with better performance, mainly to deal with changed regulations and/or capacity shortages.

- 6.2. At the present time the Council is approaching the final major element in a phased programme to overlay the surfacing of the runway, taxiways and apron. This comprises essential replacement of deteriorating tarmac surfaces which are costing ever more to maintain, but it will also achieve improvements in bearing strength, drainage and operational flexibility.

- 6.3. The proposed programme of works for 2002-03 comprises little other than the overlaying of the central section of the runway. This large scheme is discussed in the subject appendices.

- 6.4 The 2003-04 programme includes a substantial allowance for Airport Security System upgrades. This allowance is considered to be prudent in view of the likelihood that the upsurge of terrorist activity in 2001 will result in enhanced security regulations. It should be emphasised that Dundee Airport already provides a high standard of security search. However future regulations are likely to involve even more sophisticated detection devices, both for the screening of people and baggage, and these can be costly. Also in the 2003-04 programme there is provision for a number of important, but relatively small-scale, expenditures on physical works or equipment that will improve airport efficiency. There is provision for the construction of further car parking, and the 2003-04 programme also envisages the first phase of expenditure on a long term incremental project, to improve and extend access tracks within the remoter parts of the airport site and thereby allow better access by patrol vehicles and emergency services to all parts of the aerodrome.
- 6.5 The programme of works for 2004-05 and thereafter is only indicative at the present time, and will be subject to confirmation in future annual reports. Experience has shown that the sequence of priorities cannot be predicted with any accuracy over more than two years.
- 6.6 The appendix to this report contains a detailed report on each of the new items of expenditure proposed for 2002-03.

**7. CONSULTATIONS**

- 7.1 The Director of Finance, Director of Support Services, the City Engineer and the Chief Executive have been consulted on the contents of this report.

**8. BACKGROUND PAPERS**

- 8.1 No background papers, as defined in Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

**DIRECTOR OF ECONOMIC DEVELOPMENT ..... Date.....**

## Dundee Airport: Capital Programme 2002-03 until 2005-06

Description	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Annual Surfacing Works			£20,000	£20,000	£20,000
Minor Works		£20,000	£30,000	£30,000	£30,000
Car Park Construction			£100,000	£5,000	
Apron Overlay and Extension	£189,000	£30,000			
Fire Station: Extension to Crew Accommodation	£93,000	£5,000			
International Arrivals Facilities	£310,000	£10,000			
Central Runway Overlay	£25,000	£875,000	£15,000		
Security System Upgrades		£20,000	£200,000		
Avgas Pump Installation			£25,000		
Standby Generator and Switchroom Alterations			£45,000		
Towbarless Pushback Vehicle			£40,000		
Soft Ground Access Track Programme			£50,000	£50,000	£100,000
Overlay for Taxiway Bravo			£20,000	£75,000	£5,000
Plant and Vehicle Covered Storage			£25,000	£325,000	£15,000
Sea Wall Repairs and Coastal Defences				£25,000	
Building Conversion and Upgrading				£20,000	£225,000
<b>Totals</b>		<b>£960,000</b>	<b>£570,000</b>	<b>£550,000</b>	<b>£575,000</b>

**Dundee Airport Capital Expenditure Programme Financial Year 2002-03**

**Minor Works**

Background and Context: There is a requirement for a small annual sum to allow minor problems to be addressed.

Current Issues: It is difficult to foresee every small scale problem that will arise due to growth at Dundee Airport, and the experience has been that small items always arise, so there needs to be a budget to allow them to be addressed. Individual items of proposed expenditure will be submitted to the Committee for approval as they arise, and an allowance of £20,000 is proposed for 2002-03.

Financial Implications:

CAPITAL COST: .....£20,000

Any staffing implications or potential savings as a result of this expenditure will be reported in due course when individual proposals under this heading are submitted for approval.

Consultations: The Director of Finance has been consulted and his comments incorporated within the terms of this report.

Recommendation: That the Committee should approve this project for implementation in 2002-03, subject to the availability of Capital Allocation from the Department of Local Government, Transport and the Regions in London.

## Dundee Airport Capital Expenditure Programme Financial Year 2001-02

### Runway Centre Section Overlay : Implementation

Background and Context: For some years the overlaying of the runway at Dundee Airport has been listed in the five year rolling programme, and the first phase of the work, comprising the overlaying and re-profiling of the east end of the runway was implemented in 1998-99.

Current Issues: The runway at Dundee Airport was initially of very light construction, and was built on reclaimed ground which is inclined to settle. Against that background the runway has performed remarkably well, but most of the construction dates from 1984 and is beginning to incur rapidly increasing annual costs of repair. The drainage profile of the runway has also suffered as a result of settlement.

The programme of works to carry out runway re-surfacing was split into phases. In 1994-95, the runway was extended by 300 metres at its western end, and that extension was built to much improved bearing strength. The next measure was therefore to create a similarly re-profiled and strengthened area at the eastern threshold, and so 310 metres at the eastern threshold was strengthened and re-profiled in 1998. This meant that both of the landing impact zones had been re-surfaced and strengthened, and greatly improved in their friction characteristics.

That left some 790 metres in the centre of the runway that was still at its low original strength, and this section has had increasingly to be patched during the last few years.

However pressure on the Airport Capital Expenditure Consent resulting from unfavourable tender prices, affected the 2000-01, and 2001-02 programmes, making it necessary to defer the Runway Centre Section overlay until the Summer of 2002. This additional time was needed to spread the load upon the Capital Programme and carry out extensive pre-contract work with a view to achieving detailed cost estimates that will fully reflect the complexity of this scheme's implementation. It is proposed that the airport remains open and fully operational throughout the contract. Works will therefore be carried out in stages overnight in such a manner as to allow the airport to re-open each morning.

Due to the complexity of the works, the high risks associated with short duration overnight working and the absolute need to open the runway on time, the City Engineer advises that the traditional procurement route of design first and then competitive tender is not the best approach. It is considered that a Partnering Arrangement with a contractor is most appropriate as the contractor's early input to design, pricing alternatives and risk minimisation would be invaluable on this project.

Tayside Contracts have performed well on a number of similar construction projects at Dundee Airport and are currently part of a very successful Partnership with the Planning and Transportation Department for the provision of road improvements on the North East and North West Corridor Improvements, this as part of the successful Public Transport Fund Bids. The City Engineer recommends that a Partnership is formed between Tayside Contracts, the City Engineer's Division and Economic Development Department to deliver this project.

Advance design work to a value of £25,000 will be carried out within the 2001-02 Capital Programme, with a view to works being carried out in the high summer of that year. At the end of this scheme the runway at Dundee Airport will have been wholly reconstructed to more than double its present strength, to a profile that will give much better drainage, and with a surface that will have much improved friction characteristics. Winter maintenance costs and the reliable availability of the runway during the winter should therefore benefit significantly.

#### Financial Implications:

CAPITAL COST IN 2002-03.....**£875,000** (Residual Cost in FY 2003-04.....£15,000)

The total project cost including design costs incurred in 2001-02, will be £915,000.

There are no staffing implications as a result of this expenditure.

Consultations: The Director of Finance and City Engineer have been consulted and their comments incorporated within the terms of this report.

Recommendation: That the Committee should approve this project for implementation in 2002-03 subject to the availability of Capital Allocation from the Department of Local Government, Transport and the Regions in London. The Committee should also approve in principle the formation of a Partnership between Tayside Contracts, the City Engineer's Division and Economic Development Department to deliver the project. A further report which details the proposed contractual arrangements and costs will be brought forward for approval when appropriate.

## **Dundee Airport Capital Expenditure Programme Financial Year 2002-03**

### **Security System Upgrades**

**Background and Context:** The upsurge of international terrorism in 2001, makes it prudent to include allowances in the capital programme for increased security requirements that may emerge in the near future.

**Current Issues:** The events of September 11th 2001 have made it evident that security at airports will be a top priority of Governments throughout the World.

Happily the UK already enforces markedly better overall airport security than is practiced in many countries, and security at Dundee fully meets UK standards. Indeed the relatively modest passenger throughput at Dundee, allows tighter X-ray screening of hold baggage than is practiced at some other airports, and a more rigorous degree of passenger segregation between the Departure areas and the Public Concourse.

Security search practices have, of course, become even more demanding in recent months, and there is a need to allow capital resources for additional, or improved, search equipment. Dundee Airport currently checks passengers with magnetic search equipment and it checks all baggage with duplicated colour and monochrome X-Ray scanning.

Future regulations could include requirements to provide for the automatic detection of explosives. Video surveillance may also need to be extended and X-Ray screening at the vehicle entrance to the airport's airside area, may also be introduced.

It is therefore recommended that a sum of £20,000 be included in the 2002-03 capital plan for an initial response to any new regulations that may be brought forward. This initial expenditure is likely to comprise professional fees for technical investigations and design work, with as yet indeterminate works and purchases to follow in 2003-04, for which £200,000 has been nominally included in the programme.

#### **Financial Implications:**

CAPITAL COST (2002-03).....£20,000

Staffing implications as a result of this expenditure, are not yet clear.

**Consultations:** The Director of Finance has been consulted and his comments incorporated within the terms of this report.

**Recommendation:** That the Committee should approve this project for implementation in 2002-03, subject to the availability of Capital Allocation from the Department of Local Government, Transport and the Regions in London.