

# EXECUTIVE COUNCIL

## CONFIDENTIAL

**Title of Report:** Additional Funding Request -New Container Park - FIPASS Road

**Paper No:** 38/11

**Date:** 27 January 2011

**Report of:** Director of Public Works

### 1. Purpose

- 1.1 To inform ExCo of the revised estimated orders of cost for the works.
- 1.2 To seek approval for the allocation of additional funds of £335,000 into code 0960 - 4072 for the completion of the works.

### 2. Recommendation

- 2.1 It is recommended that funding of £335,000 be allocated from the Capital Equalisation Fund to enable completion of the project.

### 3. Summary of Financial Implications

3.1	2010/11	2011/12
	£	£
Capital Programme*		
Additional funding required	335,000	nil

\* *Capital Programme 0960 4072 FIPASS Shore equipment*

### 4. Background

- 4.1 ExCo paper 133/10, entitled Government support for shipping links to South America tasked the DPS to produce a design and costing for the infrastructure works. The container park is an obligation of FIG under the Framework Agreement for the provision of plant and infrastructure signed by FIG, SAAS and CFL.
- 4.2 The estimated order of costs developed in June 2010 was £944,470 of which £244,470 was to be offset by revenue offset from plant hire of FIG plant, employees, and value of stone products from Pony's Pass Quarry.
- 4.3 This was based on estimates of costs for various elements of the works, a sketch layout plan and preliminary design and ground conditions apparent

from trial excavations undertaken at the site. In the event it became apparent that the ground conditions exhibited by the trial holes were not particularly representative, with much deeper excavation being needed along the northern limits of the site, thus requiring more excavation and deeper fill. This, together with the high loadings to be imposed by laden trucks (all up weight 50 tonnes which was rather higher than had been anticipated) and point loadings for lifting operations meant that higher grade aggregate was also needed for much of the fill than had been anticipated. The latter has been possible to offset to a certain extent by using recycled asphalt planings for the final makeup stone below the concrete slabs, but costs are still greater than estimated.

- 4.4 Compounding this, the 'all in' rate used for concrete in the original estimate was insufficient to cover all of the associated costs, with a cost for just the concrete itself being approximately £180,000 compared with the 'all in' allowance for concrete of £240,000. The total cost for concrete works is now £585,000.
- 4.5 Efforts have also been made to keep shipping costs down, these being a significant element, particularly for steel reinforcement and associated materials for the concrete, and a type of reinforcement which could be shipped in roll form packed in containers as opposed to break bulk for standard sheets, and thus attracting much lower shipping rates was selected. It is proving reasonably efficient to place on site, but still requires a similar amount of labour to that needed for more traditional mesh. Costs for the reinforcement etc for the concrete slabs have however been £86,000 with shipping costs of £78,000 still being incurred for those elements.
- 4.6 It has proven possible for the concrete supplier to obtain cement from Montevideo, but the ex works price for cement was increased over previous prices, not decreased as had been hoped due to the large volume and the cement had to be transported via Rio Grande with attendant higher freight costs (£30,000), particularly as SAAS were unable to offer preferential rates due to their freight rates being effectively set by others.
- 4.7 The access road had been assumed to be a simple link to FIPASS Road, but the need to incorporate a weighbridge, which was a late entry into the design, and which could not be fitted into the main area, had to be placed parallel to FIPASS Road resulting in the access road needing to be wider and also that a greater overall area needed to be constructed than had been envisaged at time of estimate.
- 4.8 The concreting works for the weighbridge itself have been put on hold with the agreement of the GMFIDC as Chairman of SAAS, due to uncertainties in relation to the container shipping operation, and costs have not been included for those works, although unfortunately the preparation works were all but completed before this could be considered as an option.
- 4.9 Even setting aside the legal obligation to provide the container park under the agreement with SAAS, it will provide a significant facility in support of

FIPASS which can significantly benefit other shippers and port development, irrespective of whether SAAS ceases operation.

## **5. Financial Implications**

5.1 £695,530 (net of costs for the temporary area) was allocated in the 2010/11 Capital Programme for this element of shoreside infrastructure development.]

5.2 £244,470 is still being projected for internal revenue recovery, giving a total allocation of 940,000 for the initial planned cost, made up as shown below:

	2010/11	Total Funding Available
	£	£
Capital Programme	500,000	500,000
FIDC Contribution	195,530	240,730
Revenue Recovery	244,470	244,470
Total allocation		<u>985,200</u>

5.3 A further allocation of £335,000 is now required, based on the current projection of £1,320,200 to complete the project.

5.4 It is apparent that there is going to be a significant amount remaining in 2011/12 under code 0957 – 3294 (infrastructure development) due to Snake Hill being the only significant project to be progressed this financial year. Part of this could be vired to meet the additional costs for the container park, although this would require equivalent funding to be provided under 3294 at some later stage.

## **6. Legal Implications**

The construction of the new Container Park is an obligation of FIG under the Framework Agreement for the provision of plant and infrastructure signed by CFL, SAAS and FIG.

## **7. Human Resources Implications**

None.