

23. 9. 98

**SUPPLEMENTARY REPORT BY THE  
CHAIRMAN OF THE COMMUNITY SERVICES COMMITTEE**

**1. HORNBY HOUSING PROJECT: STAGE 1 – HORNBY CLOSE**

RR 8607

<b>Officer responsible</b> Property Manager	<b>Author</b> City Design Project Manager, John Park
Corporate Plan Output: Housing	

The purpose of this report is to provide further supporting information to Council on the joint venture consultants' proposal for professional services associated with the design and construction supervision of Stage 1 of the Hornby Housing Project, the level of fees and the reasons for not tendering the detailed design work (refer to clause 4 Community Services Committee order paper).

**INTRODUCTION**

The Community Services Committee, at its meeting held on 16 September 1998, discussed the joint venture proposal for Stage 1 detailed design and construction supervision received from Common Ground, City Design and Shipston Davies and resolved (inter alia) that :

- “2. That the Council proceed with the joint venture proposal from James Lunday and City Design for its Hornby development, and that that process include an early resource consent application and that, in addition, a further report on the level of fees and reasons for not tendering be presented to the September Council meeting.”

**BACKGROUND**

Common Ground is one of the foremost urban design practices in New Zealand. Urban Design and Structure Planning are their specialist areas of expertise and form their core business. As such, at the request of the Community Services Committee, James Lunday of Common Ground & Associates was engaged to carry out the concept design for the overall Hornby housing development. This concept design has now been completed through a very consultative process managed by James Lunday. Concept design drawings for Stage 1: Hornby Close have been approved by the Community Services Committee.

The next step is for a team of consultants to be engaged to take the approved concept and develop it through detailed design, tender documentation, tender and construction supervision.

## 1 Cont'd

### REASONS FOR NOT TENDERING PROFESSIONAL SERVICES

Given that the fees for the professional services associated with the detailed design, tender documentation, tender and construction supervision stages of this project are a significant sum of money, the Council needs first to ask why this should not be put to tender. We would suggest that, in this particular case, the following reasons are valid:

- At the request of the Community Services Committee, the initial design concept was developed by James Lunday, Common Ground & Associates. The concept design is for an exciting, innovative design solution developed using the specialist urban design and structure planning expertise of Common Ground. The Community Services Committee are very satisfied with and have approved the concept design presented. The integrity of the detailed design is likely to be compromised without the on-going input from James Lunday and Common Ground.
- There is a cost associated with tendering out the detailed design. The cost comes from drafting a brief, inviting consultants to tender, evaluating consultants proposals and reporting to Committee and Council. The cost associated with such a process is likely to be between \$2,500 to \$3,000.
- Accordingly Common Ground were asked to put together a fee proposal for professional services which is now to hand. The proposal received comprises a joint venture between Common Ground, City Design and Shipston Davies Ltd.
- The joint venture proposal fully recognises the work already completed on the concept design and outlines a future process for the detailed design in accordance with both the Community Services Committee and James Lunday's requirements for the development.
- The Council's in-house City Design Unit have the necessary engineering, landscape architecture and survey expertise to carry out a significant portion of the joint venture project. They have successfully completed these design disciplines on similar projects for the City Council.
- Shipston Davies are a well regarded, local firm of Quantity Surveyors/ Cost Managers with proven experience on similar projects.

### LEVEL OF FEES

The joint venture proposal outlines the scope of work to be carried out by the design team and provides a lump sum fee. The lump sum fee quoted for this work is \$239,900 plus GST, which equates to 12.6% of the likely development construction cost. A breakdown of the services included within this fee is given below.

## 1 Cont'd

<b>Company &amp; Services Provided</b>	<b>Fees</b>	<b>Fees as a % of construction</b>
<b>Common Ground</b>		
Urban & Architectural Design		
Interior Design		
Ecological Engineering		
Communications		
Strategic Planning		
<b>SUB TOTAL</b>	<b>\$103,727</b>	<b>5.46%</b>
<b>City Design</b>		
Project Set Up		
Structural Engineering (incl Geotechnical advice)		
Electrical Engineering		
Drainage & Water Supply		
Roading		
Landscape Design		
Surveying		
Site Supervision		
<b>SUB TOTAL</b>	<b>\$106,173</b>	<b>5.59%</b>
<b>Shipston Davies Ltd</b>		
Cost Management		
Quantity Surveying		
<b>SUB TOTAL</b>	<b>\$30,000</b>	<b>1.58%</b>
<b>TOTAL</b>	<b>\$239,900</b>	<b>12.6%</b>

The question that council now needs to ask is whether this is a fair and reasonable fee for the scope of services being offered.

A brief discussion was held with Mr Albert Louman, Major Projects Coordinator. He was able to confirm that, in his opinion, the 12.6% appears to be a reasonable fee for the services offered.

**SUMMARY**

It is recognised by both Councillors and Officers that the City Council must obtain the greatest value from the money it controls within the Housing Development Fund; in this instance 'value' being measured as the quality of professional services obtained against the cost of that service. In many cases this will be achieved through the tendering of professional services. However, in this particular case, there is a risk of losing or compromising the concept design work already completed by tendering future design. A proposal for professional services has been received which negates that risk,

**23. 9. 98**

- 4 -

**1 Cont'd**

ensuring the Community Services Committee's requirements for the development are achieved. In addition, the fees associated with the proposal have been shown to be fair and reasonable for the services offered.

**Chairman's**

**Recommendation:** That the information be received.

**CONSIDERED THIS 23RD DAY OF SEPTEMBER 1998**

**MAYOR**