

26. CATHEDRAL SQUARE REDEVELOPMENT COST REVIEW REPORT

RR 8624

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The purpose of this report is to present to the Strategy and Resources Committee and the Council as much information as is currently available on the estimated completion cost of the project.

INTRODUCTION

The Council at its meeting held on Monday 31 August 1998 considered the Cathedral Square Redevelopment – Cost Review Report and resolved:

“That a report on the cost increases in the Cathedral Square Redevelopment project, itemised on pages 222 and 223 of the agenda, be submitted to the September meeting of the Strategy and Resources Committee.”

SCOPE OF WORK

The approved budget for the project is \$8,579,977.

For the project to proceed in a structured and well-defined manner, it is necessary to differentiate between contract works and works that are still in the planning stages.

(a) ‘Contract Works’

The following is a list of work items making up the current contract works (including Stage 4).

- Removal of existing paving and repaving of the Square in granite.
- Narrowing of the existing roadway through the Square including the creation of raised pedestrian crossings.
- Increased lawn area around the Cathedral.
- Removal of the existing precast concrete walls and replacing with wide granite steps.
- Removal of bus stops, shelters and the road network in the eastern quadrants of the Square and the formation of an interim bus terminus in the north-west quadrant including new bus shelters.
- Provision of new street furniture such as stainless steel rubbish bins, cycle stands, stainless steel bollards for the control of traffic.
- Relocation of selected existing trees onto the grid pattern, and the construction of 11 raised seating areas.

- A lighting system which will include street and pedestrian lighting, lighting of the Godley Statue, War Memorial and feature trees.
- An electrical supply network providing power around the Square for activities and stalls to utilise.
- Removal of all existing features which conflict with the overall proposal eg existing light towers, certain traffic signals and the existing children's play area.
- Alteration/relocation of existing services or features to accommodate the redevelopment eg flagpoles, tram poles, underground services, drinking fountain, chess board and sundry items such as small plaques.

Councillors are reminded that the project was set up in such a way that the above works would create a platform which would accommodate future embellishments.

(b) **'Work in the Planning Stages'**

- Stand alone swing-arm banners (ie not attached to lighting poles)
- Upgrading and remounting of the existing plaques in the Four Ships Court Area, additional heritage plaques and Kaitiaki Plaques. (\$10,000 allowance in approved budget)
- Poster and Information Bollards.
- Equipment for activities in the Square.
- Lighting of the Cathedral and buildings on the perimeter of the Square.
- Wash lighting and street lighting in the Colombo Street entries.
- Underground drainage and water supply for market and food stalls.
- Children's play equipment (\$100,00 is included in the 1998 Edition of the Council Plan and has now been incorporated in the approved budget).
- Street furniture associated with private businesses spilling out into the Square.
- New artworks, sculptures, statues and water features.
- Stage 5 reconstruction (removal of interim bus terminus in the north-west corner and repaving with granite).

- Bus information centre and electronic signage for the bus terminus (\$98,000 and \$226,000 respectively in the approved budget).
- Police kiosk (\$150,000 in the approved budget).

Note: Where there is no bracketed budget provision in the above list, this means the budget has yet to be defined and/or approved by the Council.

BUDGET

As stated above the approved budget is \$8,579,977 (including a \$574,000 contingency) and this figure has been included in the 1998 edition of the Christchurch City Council Plan.

The estimated cost for the contract works as defined above is \$9,198,485, made up as follows: (The estimated cost is based on the best information available to the project team at the time of finalising this report.)

Item Description	Estimate \$	Remarks
1. Main Construction, Stages 1-3	2,109,296	Based on tendered rates
2. Main Construction, Stage 4	1,232,728	Revised contract estimate based on a lump sum contract (not yet tendered)
3. Paving Supply, Stages 1-4	2,854,470	Fixed price. Cost of storage (\$9,100) is assumed nil charge against project.
4. Lighting and electrical services, Stage 1-4	612,550	This estimate includes a standard paint colour finish on the luminaries which is a minor variation to the pole paint finish. The standard paint colour is \$46,800 less than if the luminaries were specially painted to match the poles. The Concept Team does not support this minor colour variation.
5. Provisional sums not included in 1-4 above	424,126	
6. Professional fees	822,000	The fee budget has been 'capped'.
7. Miscellaneous expenses	105,000	
8. Monies to be transferred for works that are still in the planning stages		
(a) Police kiosk	150,000	
(b) Bus information centre	98,000	
(c) Bus electronic signage	226,000	
(d) Alterations to plaques in Four Ships Court	10,000	
(e) Children's play		

equipment	100,000	

9. Project recoveries	584,000	584,000 (95,685)

Current Forecast Cost		\$8,648,485

10. Provision for a contingency to completion of the project in August 1999		
(a) Balance of Stages 1, 2 3	140,000	
(b) Stage 4	220,000	
(c) Granite paving supply	30,000	
(d) Lighting contract	60,000	
(e) Overall project contingency	100,000	

	550,000	550,000
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Total budget required to complete the project works		\$9,198,485

The current budget shortfall is \$9,198,485 less \$8,579,977 = \$618,508

In order to reduce the current budget shortfall, it is recommended that provisional sum amounts for the bus information centre (\$98,000) and the bus electronic signage (\$226,000) be retained in the Cathedral Square project. The brief development for these items of work should be transferred to the 'planning stages' where more work is required to accurately define the required budgets and to determine the need. This is consistent with the 6 August report to the Central City Committee.

Therefore, the additional funding sought is	\$618,508
Less	(98,000)
	<u>(226,000)</u>
	\$294,508

Efforts were made earlier to provide a suitable information centre, but available sites and uncertainty of the function of the centre (ie lack of a confirmed brief) have made this difficult. In the meantime the bus information centre continues to operate from the small kiosk in the Square.

Similar efforts on the provision of electronic signage have been made and advanced to the point where an acceptable electronic signage system was finalised. However, with the recent repositioning of buses (following the series of public meetings with key stakeholders), the Christchurch City Council and Canterbury Regional Council agreed not to invest significant capital into the interim terminal in the Square and to concentrate efforts on finalising a new bus interchange system, as has been recently reported to the Council by the Transportation Planner.

The significant reasons for the budget shortfall are attributed to the following:

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| 1. Late possession of the site by the contractor due to the unavailability of the resource consent. (This is a payment due to the contractor made under the conditions of contract.) | \$172,699 |
| 2. Under estimation for lighting | \$147,313 |
| 3. Increase in professional fees | \$105,000 |

Delegated Authority

In order to control project expenditure it is recommended that the following levels of delegated authority be adopted:

- Variations involving a cost adjustment to the contract up to a total value of \$5,000 shall be processed by the 'Engineer' under the contract in accordance with Section 8 of NZS3910:1987.
- Variations involving a cost adjustment to the contract price between \$5,000 and \$10,000 shall be processed by the 'Engineer' under the contract in accordance with Section 8 of NZS3910:1987 but shall have the prior approval of the Project Manager.
- Variations involving a cost adjustment to the contract price between \$10,000 and \$25,000 shall be processed by the Engineer under the contract in accordance with Section 8 of NZS3910 but shall have the prior approval of the Major Projects Co-ordinator (Mr A Louman).
- Variations involving a cost adjustment to the contract price over \$25,000 shall have the prior approval of the appropriate Standing Committee.
- All variations involving a cost adjustment to the contract price shall be reported on in the Quantity Surveyor's monthly progress report to the Project Control Group meeting. Changes of scope shall be a further separate category. These will be reported monthly to the appropriate Standing Committee in summary form.

PROJECT DELIVERY

Stage 4 Tender and Form of Contract

Achievement of the predicted Stage 4 savings through market competitiveness depends to a large degree on exploring a wider market sector in the tendering process. To expand the tender market will require re-advertisement of registrations of interest. As this expanded market has not yet been explored there is a risk that the anticipated savings may not be achieved.

The Stage 1, 2 and 3 contract was tendered by use of a measure and value system utilising approximate quantities measured with a view to gaining an approximate contract amount against which actual quantities of work carried out are eventually re-measured.

Comparative analysis of costs has revealed that a schedule of quantities, prepared in accordance with NZS 4202, results in lower costs through greater competition and less risk for the tenderers.

The effect of using this system also provides for more accurate reporting of the ongoing costs at any given time based on a Lump Sum Tender.

VALUE MANAGEMENT

Two half-day workshops were held (2/3 September) with representatives of Environmental Policy and Planning, City Streets, Major Projects Co-ordination and City Design Units, BD Construction, Shipston Davies and David Sheppard of Sheppard and Rout Architects.

Preliminary results are encouraging. However considerable work is still necessary to clearly identify and agree potential savings.

COMMITTEE REPORTING

The redevelopment of Cathedral Square has now been broken down in two quite distinct components.

The first component relates to works that have been contracted out and those works which will shortly be contracted out (the 'contract works'). The second component relates to works that require the development of briefs, budget evaluation and/or establishment and approvals ('work in the planning stages'). Following Council approval it is envisaged that the 'planning work' will be introduced into the 'contract works' by way of a scope change but this is very much dependent upon timing.

The reporting of the 'contract works' and 'planning work' to the appropriate Standing Committee will be the subject of a report to the December round of Council meetings once responsibilities of the new Standing Committees have been established.

CONCLUSION

Some of the budget problems that have arisen are, in my opinion, due to the works not having been fully defined. Separation of work into 'contract works' and 'planning works' with separate committees overseeing each component and taking responsibility for it would clearly resolve this issue. This report clarifies these work components and confirms the current scope of work.

- Recommendation:**
1. That the Stage 4 works and lighting works be tendered utilising a Schedule of Quantities prepared by Shipston Davies Ltd and tenders called from a wider market sector.
 2. That the cost of storage of the granite (\$9,100) be a nil charge to the project.
 3. That a standard colour paint finish on the luminaries for the Square lighting be accepted at a saving of \$46,800.
 4. That the further reporting of the 'contract works' and the 'planning work' (as defined in this report) to the appropriate Standing Committees be the subject of a separate report by the Major Projects Co-ordinator to the December round of meetings once the new Standing Committees have been established.
 5. That the work associated with the provisional sums for the bus information centre (\$98,000) and the bus electronic signage (\$226,000) be referred to the Central City Committee for establishment of a confirmed brief and budget and the sums be retained in the Square project to reduce the current budget shortfall.
 6. That additional funding of \$294,508 be provided in the 1999/00 financial year to meet the revised project budget requirements, for the 'contract works'.
 7. That the expenditure of the contingency sum be subject to the levels of the delegated authorities outlined in this report.

Chairman's

Recommendation:

1. That recommendations 1-4 and 7 be adopted.
2. (a) That the existing bus information centre be retained in the meantime.
(b) That provision of electronic bus signage be deferred pending the completion of planning on the new bus interchange system; and
That the sum of \$226,000 be retained in the budget to reduce the general shortfall.
(c) That the Property Manager be asked to report on the cost of a lease and fitout of a bus lounge (as opposed to a full

information centre) and that the sum of \$98,000 be retained for this purpose in the meantime.

3. That the existing Police kiosk be retained in its present use until NZ police are able to fund the proposed development, and that the sum of \$150,000 be retained in the budget to reduce the general shortfall.
4. That the shortfall of \$242,508 be met from the unspecified capital provision of \$2.6m for 1999/2000 to meet the revised project budget requirements, for the 'contract works'.