

7. BUS EXCHANGE AND RELATED PROJECTS UPDATE

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Corporate Plan Output: Passenger Transport Infrastructure	

The purpose of this report is to update progress on the Bus Exchange and related projects.

INTRODUCTION

All aspects of the bus exchange and related projects continue to make good progress. Milestones have recently been achieved at the adjacent “Crossing” development, with the opening of a number of ground floor retail shops, the first floor food court and the airbridge across to Ballantynes.

The various CCC/Ecan subproject teams are continuing their work, monitored on a weekly basis by a “Core Group” management team. In addition to the Bus Exchange building project, these areas include the on-street works in Colombo and Lichfield Streets, bus routing and traffic management, peripheral termini, ticketing, timetabling including Real Time Information, facility management, maintenance and security, car parking, communications and marketing. Details of progress in a number of these areas were reported at a recent seminar meeting of the City Services Committee, which also undertook an inspection of the Bus Exchange site.

The various projects are timed for completion based on an opening date for the Bus Exchange of 4 November 2000, with the staged relocation of buses from the Cathedral Square locality occurring on 4 November and 1 April 2001. As indicated below the building is expected to be completed earlier than November, and this will provide good opportunities for trialling the system, public open days and displays. Future update reports will further develop these proposals.

The balance of this report focuses on the building development, and a separate report follows on the development of the Real Time Information system and the current tender process being undertaken for supply of the RTI system to the Bus Exchange.

BUS EXCHANGE BUILDING PROGRESS

Financial Update

Shell – The construction project is currently under budget by \$116,992. To date 67% of the GMP has been let which represents approximately \$6,595,000 in value. The potential saving to the GMP represents 1.7% on the trades tendered to date. No variations have been issued since those advised in our October report. One hundred percentage of the following trades have been let; demolition, excavation, plumbing, drainage, lifts, electrical services, professional fees, preliminaries and margin. The GMP is likely to be finalised in June.

Fitout – A GMP has now been agreed with the contractor for the fitout work and this is within the provisions of the budget. Construction will be commencing shortly on this aspect of the project.

Project Total

The total project, which has a Council approved budget of \$19.6 million, is at this stage showing a potential saving of \$69,268. Currently 50% of the project contingency has been used leaving approximately \$140,000 for the balance of the project. The difference between the GMP savings and project savings essentially arises from an underestimation in legal and consultancy fees. These have been higher than anticipated primarily because of the complex nature of the titles and easements to be created whilst endeavouring to maintain a high degree of interconnectivity with adjoining properties.

In summary the project is financially in good shape with approximately 65% of the costs determined. There is however, no fat and continued close management is required.

Programme

Shell – this is proceeding very well at this stage. All precast structural elements have been cast ie columns, beams and dye-core flooring. Erection of these elements on site is approximately 50%-60% complete.

Retainment of two out of the three heritage facades on Lichfield Street has been completed. Work on the last facade – old Cashfields building, has just commenced. Restoration and painting will commence once all three have been secured.

The pedestrian walkway structure from Colombo Street is approximately 90% complete.

The Colombo Street lift installation has commenced and is approximately 20% progressed. The stairs in the same north west corner of the site are approximately 50% complete.

It is expected that the shell “super structure” will be completed by the end of August.

Fitout – detailed construction drawings are currently being finalised. The fitout is to be developed in three stages. The first stage anticipated to be completed by 1 August comprises the pedestrian ramp from Colombo Street to a set of fire doors at the top of the ramp immediately before the pedestrian bridge, which provides access down into the pods. Stage 2, which encompasses the pedestrian bridge at the top of the ramp, is expected to be completed by mid September. The stage 3 ground floor passenger lounges and bus lanes are expected to be completed by early October.

Documentation

The design work is close to completion for all elements. There are seven building consent stages to the shell, six have been obtained to date. The seventh relating to mechanical work is currently being processed. There is one consent for fitout, the detailed design work for this is nearing completion and it is anticipated this application will be lodged shortly.

Contractual Arrangements

In April we reported that fitout programme and processes were being developed for management of the contract to ensure integration with the shell. The contractual fundamentals as previously reported have not changed. However, the original contracts provided for AB Investments to complete the building shell by 4 November 2000. Allowing the Council's fitout to commence thereafter and be completed by April 2001. This arrangement then allowed services such as mechanical, fire and electrical to be completed and a code compliance certificate obtained for the practically completed shell in its entirety.

In theory this provided for the shell to be finished with standard ceilings, wall and lighting finishes which would then possibly be replaced with the final fitout items if a different standard was required. As fitout design has progressed it has become increasingly evident that standard finishes will no longer be appropriate. Should the project proceed as originally anticipated the cost of reworked fitout is estimated at \$300,000.

This fact coupled with the fitout now being undertaken in conjunction with the shell construction, to achieve the earlier completion date has created some contractual difficulties. Principally AB Investments Limited is not able to complete its contract in relation to some of the service trades. The essential difficulty is that as the project has developed with the compressed programme and design partnership between the developer and the Council, demarcation between shell and fitout for the mechanical, electrical, fire and service finish trades has become very difficult. The ensuing problems are a lack of clarity on contractual responsibilities, guarantees and performance.

There are three options for resolution of this problem:

1. That we complete the contract in terms of the contract documents and some work is later removed ie rework.
2. That partial completion of services occurs and this is defined.
3. Delete those services from the shell contracts.

Option 1 is not practical or viable. Costs both financially and in terms of programme would be unacceptable.

Option 2 contains a number of practical difficulties in definition, cost to implement and does not resolve issues of contractor responsibilities and accountabilities. Delineation of responsibilities will be ill defined with partial acceptances of services. This delineation is vague and in itself could lead to future disputes. Practical completion and code compliance certificates would be difficult to obtain as required.

In terms of Option 3 there is no financial risk in deleting these items from the shell contract and transferring them to the fitout contract. Obviously this leads to be a much tidier situation in defining the responsibility of each party in terms of the contract. It also removes the potential for conflict if there are problems with those services trades after practical completion ie whether the fitout or part of the original shell causes them.

In financial terms the removal by variation to the shell contract of the ceiling finishes, window and external doors from the heating and ventilation, electrical and fire services amounts to approximately \$1.9m. These will be transferred over to the Council fitout contract under the same contractual terms and conditions as always proposed.

Option 3 therefore provides the most practical and effective solution. It will result in the Council settling the contract with AB Investments Limited on the “super structure” rather than the completed shell. This will reduce the settlement amount from approximately \$17.6m to \$15.7m and correspondingly increase the Council fitout from \$2.1m to \$4m. The settlement will occur two to three months earlier than originally anticipated.

Advantages

- Design is already complete for these elements with the exception of fitout integration.
- Management of these portions of the project will remain with AB Investments Limited
- Saving in relation to fitout rework.
- Project financing savings arising from early settlement.
- Delineation of responsibilities.
- Clear contractual chain.
- Removes ambiguity of contributors in the event of non-performance.
- Simplified contractual structure.
- Simplifies litigation in the event of non-performance.

Disadvantages

- Financing costs for early settlement.
- Earlier liability for operating costs – unlikely to be significant.

In summary the proposed contractual realignment is risk neutral. The financing costs and savings will offset each other. It is however therefore important that the project is managed so that any project interest savings arising directly from early settlement are not spent on the project.

The project programme has dictated immediate attendance to this issue. There is no significant effect to the Council’s overall budget and it can be accommodated within the original resolutions of the Council. It is the only obvious practical solution therefore we have commenced varying the contracts to accommodate this restructure.

Recommendation: That the information be received.

Chairman’s

Recommendation: That the contract variation described as Option 3 be endorsed.