

## 5. HORNBY HOUSING PROJECT

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Corporate Plan Output: Corporate Plan 8.7.5	

The purpose of this report is to seek Council approval for the award of the Hornby Close Stage 1 Housing construction contract.

### BACKGROUND

The Hornby Housing project was initially considered early in January 1998. An extensive consultation process was undertaken with the community during 1998 and 1999. In addition to the consultation process it was necessary to submit a plan change to the City Plan for rezoning of the site from Open Space 2 to Living 2. The land was rezoned in the Proposed City Plan, which was released in May 1999.

The Community Services Committee, through the Council's Annual Plan, has provided the funding in the Housing budget for this particular project over the last two years. The City Plan process has delayed its commencement, and the funding has subsequently been carried forward to the current financial year.

The joint venture (including a resource consent application) between James Lunday and City Design was adopted for the design/tender/supervision of the project. This engagement was in accordance with a recommendation outlined in the September 1998 Community Services Committee report regarding housing capital developments.

The Housing Working Party (a subcommittee of the Community Services Committee, comprising Councillors Anderton, Keast, Stewart and Thompson) has closely overviewed the development of the detailed design on behalf of the Community Services Committee which has been kept fully informed.

It should also be noted that the Council has agreed in principle to sell some of the units, and accordingly a further report outlining ownership options and costs to implement the same, probably during the construction process, will be provided.

The site is located at 2 Goulding Avenue. It is located on the southern side of the Main South Road.

The project consists of the construction of a 22 unit elderly persons complex. It comprises 9 one bedroom and 13 two bedroom units divided between two buildings. Of the 22 units, 2 will be specifically designed for use by people with physical disabilities.

Incorporated into the design and in addition to the units there is a 80m<sup>2</sup> community facility provided for the residents. This facility incorporates tea-making facilities and a general recreation area for use by the residents.

## TENDER EVALUATION

A Registration of Interest process was carried out to select the successful tenderers. As a result of that process registrations were received from 10 contractors. All 10 were evaluated as per the Registration of Interest document.

Based on the results of the evaluation all 10 main contractors were invited to tender on the construction contract.

Tenders closed on 27 April 2000 with seven tenders being received as follows. C Lund & Son withdrew from the tender process and two tenderers, Higgs Builders and Hanham & Philp, submitted their tenders after the closing time.

The tenders are **GST inclusive**.

Fletcher Construction Ltd	\$2,357,834
Hawkins Construction Ltd	\$2,373,003
Bushnell Builders Ltd	\$2,398,500
Eastwood Construction Ltd	\$2,437,538
Mainzeal Ltd	\$2,503,841
Belvue Developments Ltd	\$2,514,503
Armitage Williams Ltd	\$2,593,590

A contingency of \$100,000 was allowed for in the tender documents and is included in the above tenders.

The two lowest tenders had no tags.

The two lowest tenderers were asked to confirm mobilisation times from contract award. Both have done so.

### **Tender Adjustment**

In notices to tenderers, tenderers were asked to identify prices for the removal of the lift, replacement of copper fascia with zincalume fascia and to supply pricing on various options for fire protection. This information is used to adjust the tender prices as follows:

Adjustment to remove lift and install storage space instead	(\$64,125)
Adjustment to replace copper fascia with Zincalume fascia	(\$8,426)
Adjustment to fire protection (full sprinkler installation)	\$52,229

**Tender Adjustment** **(\$20,322)**

The adjusted lowest tender is as follows:

Fletcher Construction Ltd	\$2,337,512
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Fletcher Construction Ltd is a well known, reputable construction company, that has confirmed the availability of resources for the project.

## **ENERGY**

The design has been considered by the Council's Energy Manager, Leonid Itskovich. He has confirmed that the design complies with the Council's current energy management policy and is also compliant with NZS 4218:1996 "Energy Efficiency – Housing and Small Building Envelope".

## **CONSENTS**

### **Resource Consent**

A resource consent has been granted for this project. The consent was granted on 17 April 2000. The statutory 15 day appeal period expires on 12 May 2000. The following main conditions have been noted in the resource consent:

- (a) That 22 units and community facility be built on the site in accordance with the plans
- (b) The reserve contribution is \$39,375 (incl GST)
- (c) At least one occupant in each unit must be 60 years of age or more

### **Building Consent**

A building consent has been applied for. It is anticipated that the consent will be given on 26 May 2000.

A contract will not be awarded until the resource consent and building consent have been obtained with conditions acceptable to the Council.

## **PROGRAMME**

A construction start date of 13 June is proposed in terms of the tender documentation. This is based on the tender being awarded in the week following the Council meeting on 15 May 2000. A construction period of 140 working days was also proposed in the tender documentation.

All of the tenderers have confirmed in the registration of interest process that they have the resources to start the project on or about the proposed start date. They have all confirmed they have the resources to complete the project within the prescribed period.

Following contract award, the contractor will be required to submit a detailed construction programme. This programme will be the one used to monitor the progress of construction.

## **FIRE SPRINKLERS**

The tenderer's price includes the installation of a sprinkler system which complies with NZS4541, and a fully automatic monitored alarm system incorporating smoke detectors (at a total cost of \$80,728 incl GST).

It is not a Building Act requirement to provide a sprinkler system. However, given the age of the people and the potential risk, it is seen as a desirable enhancement.

## **PRE-TENDER ESTIMATE**

A pre-tender estimate was developed by Shipston Davies Quantity Surveyors and submitted on 26 April 2000.

This estimate is made up as follows: (the following figures include GST).

Building construction (incl \$100,000 contingency)	\$2,387,178
Professional fees	\$270,000
Property Unit/Project Management fees	\$22,500
Building consent, resource consent fees, reserve contribution & legal fees	\$101,250
Miscellaneous expenses	\$16,875
Ovens, hobs, rangehoods	\$33,750
Drapes/Curtains	\$33,750
Contingency - Project	\$56,250
<b>TOTAL PRE-TENDER ESTIMATE (GST inclusive)</b>	<b>\$2,921,553</b>

## **PROPOSED PROJECT COST PLAN**

Building construction (incl \$100,000 contingency)	\$2,337,512
Professional fees	\$271,958
Property Unit/Project Management fees	\$22,500
Building consent, resource consent fees, reserve contribution & legal fees	\$99,563
Miscellaneous expenses	\$16,875
Ovens, hobs, rangehoods	\$33,750
Drapes/Curtains	\$33,750
Contingency - Project	\$56,250
<b>TOTAL PROJECT COST (GST Inclusive)</b>	<b>\$2,872,158</b>

## **BUDGET**

The following provisions are allocated for this project: (GST Inclusive)

1999/2000 Annual Plan (re-programmed)	\$250,000
2000/01 Annual Plan (re-programmed)	\$3,150,000
<b>TOTAL BUDGET PROVISION</b>	<b>\$3,400,000</b>

The Strategy and Resources Committee, at its February 2000 meeting, approved the re-programming of the expenditure to 2000/01 as part of the six monthly review.

The project is funded from the Housing Development Fund, which is not a charge on rates.

## **ADDITIONAL FEATURES**

The current design makes allowance for the future installation of a lift in the south atrium. Based on other Council elderly persons housing complexes, a lift is not seen as an essential item. The space set aside for a future lift will be fitted out as cupboard/storage areas for the tenants. This fitout is included in the tender price.

If the Council decides that there is a need to install a lift the additional cost is **\$64,125** incl GST.

This additional item is not part of the construction contract identified in the project cost plan and would need to be added to the above project cost plan.

- Recommendation:**
1. That the adjusted tender of \$2,337,512 incl GST (including a \$100,000 construction contingency) by Fletcher Construction be accepted, subject to building and resource consents being obtained with conditions acceptable to the Council.
  2. That the proposed project cost plan and budget of \$2,872,158 (incl GST) be adopted.

The Chairman comments:

In my experience, the cost of fitting a lift after the construction of a building has been completed is much higher than fitting one at the time of construction. In my view, the Council would be well advised to approve the additional expenditure required to allow the lift to be installed as part of the contract, given the additional benefits which will accrue for the occupants, many of whom will be elderly.

**Chairman's**

- Recommendation:**
1. That, in view of the savings which will be achieved by its installation at the time of construction, the Council approve the installation of a lift as part of the contract at an estimated additional cost of \$64,125 including GST.
  2. That the adjusted tender of \$2,337,512 incl GST (including a \$100,000 construction contingency) from Fletcher Construction Ltd be accepted, subject to building and resource consents being obtained with conditions acceptable to the Council, and subject also to the further adjustment of the tender to reflect the additional cost of installing a lift at the time of construction.
  3. That the proposed project cost plan and budget of \$2,872,158 including GST also be adopted, subject to it being adjusted to reflect the increased expenditure required for the installation of the lift.