

25. 3. 2004

**REPORT BY THE CHAIRMAN OF THE
PROPERTY AND MAJOR PROJECTS COMMITTEE**

PART A - MATTERS REQUIRING A COUNCIL DECISION

1. NORTH NEW BRIGHTON COMMUNITY HALL REFURBISHMENT AND EARTHQUAKE STRENGTHENING

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The purpose of this report is to advise the results of tendering and negotiations with Main Building Contractors, for the proposed upgrades of the existing hall.

BACKGROUND

Following reports to the Property and Projects Committee and the May 2003 Annual Plan Subcommittee, additional funding was granted for the earthquake strengthening of the building, as previously reported.

Structural design and documentation was completed for this work, and corresponding architectural drawings updated to accommodate the structural work.

Tenders were invited in November 2003, with a view to receiving a price before Christmas.

On contacting contractors prior to the closing time, few indicated they were able to put a price as they were over-committed to pricing at that stage.

The tender period was therefore extended until early February in order to ensure sufficient bids were received to make the process competitive.

TENDERS

Six tenders were received for the complete building works as a lump sum building contract. This is an excellent result given the current tender market.

The spread of tenders was \$975,035.00 through to \$1,206,342.00 before tags were removed.

Tags were removed from the two lowest tenders, resulting in the following bids:

\$1,003,156.00 Mainzeal Construction
\$1,131,107.00 Higgs Builders

Higgs' bid excludes the liquidated damages clause in the contract.

We are satisfied that either of these contractors are suitable for a project of this nature. Mainzeal especially have a long track record of successful projects with the Christchurch City Council, including South City and New Brighton Libraries.

We are presently in the midst of a building boom, and unfortunately the prices we have received reflect the tight supply of building services, especially the sub-contractual trades.

The latest statistics (*Standards NZ Dec 03*) indicate the number of residential building consents issued in Canterbury for the year 2003 totalled 4189, compared with 3233 in 2002, and 2439 in 2001. There are almost twice the number of houses being built presently, as there were two years ago.

The New Zealand-wide trend in non-residential building work has seen an 8% increase in value during the past year (*Standards NZ Dec 03*). In their review of the tender market (*Forecast 30 July 03*) Rider Hunt identified that Canterbury had seen a 44% increase in the value of non-residential building consents over the previous period, disproportionately high in comparison with other regions.

Our discussions with our quantity surveyor and contractors confirm that we can expect little easing of the market in the immediate future.

1 Cont'd**COST SAVINGS**

We have proceeded to identify cost savings measures with each of the two lowest bidding contractors.

Items recommended for achieving cost savings included:

Door, window and toilet hardware
 Alternative internal lighting
 Deletion of external landscape lighting
 Deletion of club room heating
 Reduction of contingency to \$40,000 (\$60,000 in tender documents)

Savings identified (recommended cost savings) \$30,238.00

Items requiring significant concessions in the scope of works or the quality of service included:

Deletion of internal painting	Completion by community groups – still requires materials
Roofing in Colorsteel Maxx	Steel based substrate (Zincalume) in lieu of aluminium
Lift substituted for Platform type	Not a full, commercial quality lift - limited speed.
Perforations to entry ceiling	Entry will be reverberant without acoustic absorption
Delete club room toilets & serveries	Future provision by café tenant/surf club
Delete north deck including structure	Reduced building occupancy (loss of escape route)
Delete wall/floor finishes to GF meeting	Room left incomplete – fitout required

Savings identified (requiring significant concessions) \$119,737.00**STAGING**

We propose to lodge a building consent identifying the last three deleted items above, as a future stage of the building works.

The current tender identifies a cost of \$70,053 for these items. We would anticipate this will be somewhat more expensive if carried out under a separate, future contract.

We recommend that additional funding be sought to complete the club room toilets, serveries, north deck, and ground floor meeting room fitout. The basis of seeking this additional funding is that the contracting market has moved significantly over the last 12 months in terms of pricing for jobs (refer above).

PROGRAMME

The construction period identified for the project is 30 weeks.

The start and completion dates are yet to be agreed.

A building consent will be lodged following the outcome of the agreed scope of construction works.

Resource consents have been lodged and received for this project.

BUDGET

The following funds are presently allocated to this project:

2001/2	\$225,000.00
2002/3	\$214,000.00
2003/4	\$540,000.00
Lotteries grant (granted Nov 02)	\$20,000.00
Energy efficiency funding	\$6,000.00

TOTAL BUDGET \$1,005,000.00

1 Cont'd

The Lotteries Grant must be taken up within two years of its granting. It requires proof of resource and building consents, and acceptance of a contract.

We have sought \$6,000 of energy efficiency funding to provide for new insulation in the building. This has been confirmed in principle.

Professional fees, resource consents (CCC & Environment Canterbury), building consents, printing, advertising and postage are budgeted to cost \$151,984.60 to complete.

Base Contract Sum	\$1,003,156.00
less	
Recommended Savings	(\$30,238.00)
Savings requiring concessions	(\$119,737.00)
Adjusted Contract Sum	\$853,181.00
Fees & expenses	\$151,819.00
TOTAL PROJECT COST	\$1,005,000.00

SUMMARY

This project has taken a considerable amount of time to get to the position of letting a contract for the refurbishment. Considerable effort has gone into the preparation of detailed design documentation. Considerable consultation has occurred over the issue of usage for the facility.

The original budget that was developed was done so on the basis that the work would be undertaken in the 2002/03 financial year. As a result of the ongoing discussions/negotiations over potential use this has been delayed until now. The significant impact of this on the budget is the effect that the current market is having on the pricing we are receiving for tenders. This current tender is seeing pricing which is in the order of 20 to 30% above our QS estimates. The lowest price is approximately 15% above our budget. We believe this to be a very good tender given the current condition of the contracting market.

The project can be brought within budget on the basis of deleting specific items of work. However these items are an important part of the overall design and while we can produce a facility that meets current code requirements the additional items covered by these deletions make the facility into something special – an expectation that the community has for the facility.

The project is shown as being staged. This allows us the opportunity seek additional funding and also work with the community on delivering some specific items of work that can be delivered through community effort.

The project should now proceed on that basis.

Staff

- Recommendation:**
1. That the tender be let to Mainzeal Construction for the adjusted contract sum of \$853,181.00.
 2. That additional funding be sought to complete the clubroom toilets, serveries, north deck, and ground floor meeting room fitout.

Chairman's

Recommendation: That the above recommendation be adopted.

CONSIDERED THIS 25TH DAY OF MARCH 2004

MAYOR