

## **ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE**

### **HEAD 708 - CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT**

#### **Universities**

#### **City University of Hong Kong**

#### **16EJ - Student hostel, phase 3 (523 places)**

Members are invited to recommend to Finance Committee to approve a new commitment of \$104.01 million in money-of-the-day prices for phase 3 construction of the student hostel project of the City University of Hong Kong.

#### **PROBLEM**

The City University of Hong Kong (CityU) requires additional hostel accommodation to meet students' demand.

#### **PROPOSAL**

2. The Secretary-General, University Grants Committee (SG, UGC), on the advice of the University Grants Committee (UGC) and the Director of Architectural Services (D Arch S) as UGC's Technical Adviser, and with the support of the Secretary for Education and Manpower, proposes to create a new commitment at an estimated cost of \$104.01 million in money-of-the-day (MOD) prices for the construction of CityU's student hostel, phase 3 (523 places).

**/PROJECT .....**

## PROJECT SCOPE AND NATURE

3. The project provides for the construction of two student hostel blocks of 11 and 14 storeys respectively for undergraduates. These will provide a total of 523 publicly-funded hostel places and a multi-purpose hall for students. A site plan is at Enclosure 1. CityU plans to commence the construction works in December 2001 for completion in September 2003.

## JUSTIFICATION

4. In December 1996, the Government promulgated a policy for the provision of publicly-funded student hostel places at UGC-funded institutions. The aim is to enhance the quality of university education by fostering hostel life. This will sharpen students' communication skills, nurture their leadership qualities, encourage independent thinking and promote participation in community affairs. Under this policy, all undergraduates will have the opportunity to stay in hostels for at least one year. All research postgraduates, non-local students and those undergraduates whose daily travelling time exceeds four hours will be provided with hostel places. The Government will fund up to 75% of the capital cost of the approved student hostel provision, with the remainder to be met by the respective institutions using private funds.

5. CityU currently has no publicly-funded student hostels in operation. In line with Government policy, we have agreed to provide CityU with 2 730 publicly-funded hostel places. These places will be provided in three phases (806 in phase 1, 1 401 in phase 2 and 523 in phase 3). With funding which Finance Committee approved in September 1998 and June 2000, phases 1 and 2 are now under construction for completion in January 2002 and March 2003 respectively. The current proposal covers the phase 3 development. Upon completion, it will meet in full CityU's remaining shortfall of hostel places.

## FINANCIAL IMPLICATIONS

6. SG, UGC recommends approval of the project at a cost of \$104.01 million in MOD prices, made up as follows -

/(a) .....

	<b>\$ million</b>	
(a) Site formation	2.09	
(b) Building	77.53	
(c) Building services	22.49	
(d) Drainage and external works	7.64	
(e) Consultants' fees -	5.54	
(i) assessment of tenders	0.45 <sup>1</sup>	
(ii) contract administration	2.69 <sup>1</sup>	
(iii) site supervision	2.20	
(iv) out-of-pocket expenses	0.20	
(f) Furniture and equipment	12.50	
(g) Contingencies	12.78	
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Sub-total	140.57	(in September 2000 prices)
(h) Provisions for price adjustment	(1.89)	
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	138.68	(in MOD prices)
(i) Less contribution by CityU (at 25% of the total estimated project cost)	(34.67)	
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Total	104.01	(in MOD prices)
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<sup>1</sup> The consultants' fees for assessment of tenders (\$450,000) and contract administration (\$2.69 million) are based on scale fees. The consultancy agreement for this project was awarded in July 1998. The scale fees situation has been reported to Members in the March 1999 Supplementary Information Note for Public Works Subcommittee of Finance Committee referenced PWSCI(98-99)32 on "18EH – University hostels at Baptist University Road – phase 1 (1 000 places) and phase 2 (629 places)". The breakdown of consultants' fees is prepared by CityU and has been examined and agreed by D Arch S.

7. The construction floor area (CFA) of this project is 10 600 square metres. The construction unit cost, represented by building and building services costs, is \$9,436 per square metre of CFA in September 2000 prices. D Arch S considers the construction unit cost reasonable and comparable with those of similar projects, such as 15EJ, CityU's Student hostels, phase 2 (1 401 places). The latter was upgraded to Category A in June 2000 and the construction unit cost (based on the returned tender price) was \$9,530 per square metre of CFA in September 2000 prices. A detailed breakdown by man-months of the estimate for the consultants' fees is at Enclosure 2.

8. Subject to Members' approval, CityU will phase the expenditure of the project as follows -

Year	\$ million (Sept 2000)	Price Adjustment Factor	\$ million (MOD)
2001 - 02	7.00	0.98000	6.86
2002 - 03	35.00	0.97976	34.29
2003 - 04	75.00	0.98759	74.07
2004 - 05	23.57	0.99549	23.46
	140.57		138.68

9. We derived the MOD estimate on the basis of the Government's latest forecast of trend labour and construction prices for the period 2001 to 2005. CityU will tender the works under a fixed-price lump-sum contract because we can clearly define the scope of works in advance, leaving little room for uncertainty.

10. The project will have no impact on tuition fees. In line with the established practice for UGC-funded institutions, CityU will operate these student hostels on a self-financing basis through charges levied on hostel places.

## **PUBLIC CONSULTATION**

11. We do not consider public consultation necessary. The construction of the hostel will be carried out within the campus of CityU and is in line with established policy.

## ENVIRONMENTAL IMPLICATIONS

12. CityU completed a Preliminary Environmental Review (PER) for the project in November 1997. The PER concluded and the Director of Environmental Protection agreed that with proper building orientation and layout design, the student hostel would not be subject to long term adverse environmental impacts. CityU has addressed these matters in the design.

13. At the planning and design stages, CityU has considered measures to reduce the generation of construction and demolition (C&D) materials. CityU will use suitable excavated materials for filling within the site to minimise off-site disposal. To further minimise the generation of C&D materials, CityU will encourage the contractors to use non-timber formwork and recyclable materials for temporary works. In addition, the contractor will be required to use metal site hoardings and signboards so that these materials can be recycled or reused in other projects.

14. During construction, CityU will control noise, dust and site run-off nuisances to within established standards and guidelines through the implementation of mitigation measures in the relevant works contracts. These include the use of silencers, mufflers, acoustic lining or shields for noisy construction activities, frequent cleaning and watering of the site, and the provision of wheel-washing facilities.

15. CityU will require the contractor to submit a waste management plan (WMP) for approval. The WMP will include appropriate mitigation measures to avoid, reduce, reuse and recycle C&D materials. CityU will ensure that the day-to-day operations on site comply with the approved WMP. CityU will control the disposal of public fill and C&D waste to designated public filling facilities and landfills respectively through a trip-ticket system. The contractor will be required to separate public fill from C&D waste for disposal at appropriate facilities. CityU will record the disposal, reuse and recycling of C&D materials for monitoring purposes. We estimate that the project will generate about 11 640 cubic metres (m<sup>3</sup>) of C&D materials. Of these, we will reuse about 3 670 m<sup>3</sup> (32%) on site, 6 050 m<sup>3</sup> (52%) as fill in public filling areas<sup>2</sup>, and dispose of 1 920 m<sup>3</sup> (16%) at landfills.

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<sup>2</sup> A public filling area is a designated part of a development project that accepts public fill for reclamation purposes. Disposal of public fill in a public filling area requires a licence issued by the Director of Civil Engineering.

**LAND ACQUISITION**

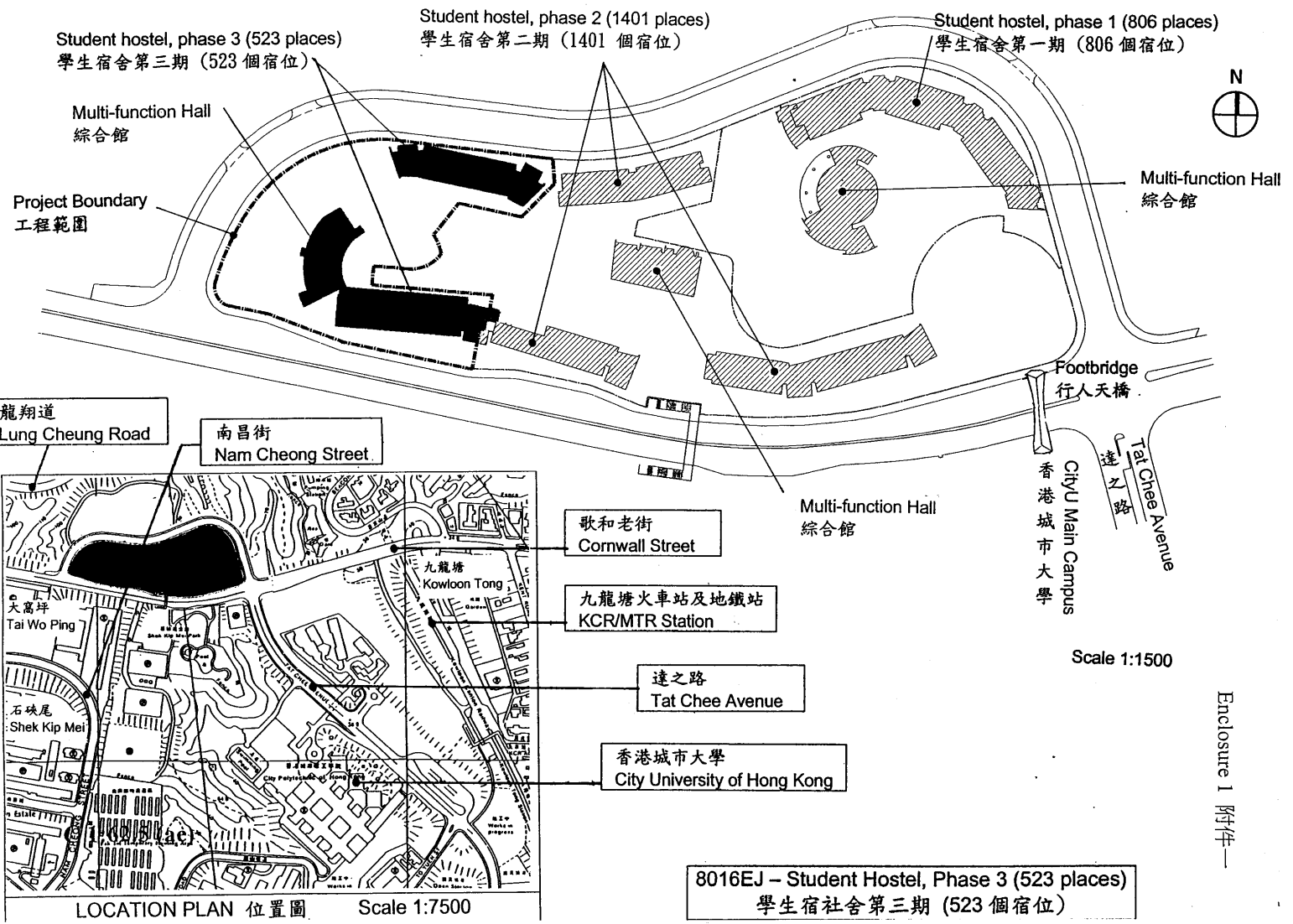
16. The project does not require land acquisition.

**BACKGROUND INFORMATION**

17. Under existing procedures, UGC-funded institutions submit capital works proposals to the UGC on an annual basis. UGC examines all these proposals carefully, with professional advice provided by D Arch S who acts as UGC's Technical Adviser. UGC refers those proposals it supports to the Government. Having examined the institutions' proposals, SG, UGC has, in consultation with D Arch S, adjusted the project estimate proposed by CityU to arrive at the project estimate set out in paragraph 2 above. A comparison of the project estimate proposed by CityU and the estimate recommended by the UGC (agreed by CityU) is at Enclosure 3.

18. We upgraded **16EJ** to Category B in September 2000. With an allocation of \$4.37 million from the block allocation **Subhead 8100EX** "Alterations, additions, repairs and improvements to the campuses of the UGC-funded institutions" and private funds of \$1.45 million, CityU has completed most of the pre-tender consultancy services including feasibility study, site investigation, detailed design and tender documentation. CityU is finalising tender documents for the project and plans to proceed with the construction works in December 2001. Under the phase 3 development, CityU will separately provide private funds for the construction of another 132 student hostel places.

19. CityU estimates **16EJ** will create about 140 jobs, with a total of 2 700 man-months comprising seven professional staff, 13 technical staff and 120 labourers during the construction period.



**Enclosure 2 to PWSC(2001-02)49**

**City University of Hong Kong  
16EJ - Student hostels, phase 3 (523 places)**

**Breakdown of the estimate for consultants' fees and site supervision staff cost**

<b>Category of works/items</b>		<b>Estimated man- months</b>	<b>Average MPS* Salary Point</b>	<b>Multiplier Factor</b>	<b>Estimated Fee (\$ million)</b>
(a) Scale fees (consultants' staff cost)					
(i) Assessment of tenders					0.45
(ii) Contract administration					2.69
				Sub-total	3.14
(b) Others					
(i) Site supervision	Professional	16.7	38	1.7	1.63
	Technical	17.5	14	1.7	0.57
(ii) Out-of-pocket expenses					0.20
Lithography and other direct expenses					
				Sub-total	2.40
				Total	5.54

\* MPS = Master Pay Scale

**Notes**

1. A multiplier factor of 1.7 is applied to the average MPS point to arrive at the full staff costs including overheads, as the site staff will be employed by CityU on contract terms. (At 1 April 2000, MPS point 38 is \$57,525 per month, and MPS point 14 is \$19,055 per month.)
2. Out-of-pocket expenses are the actual costs incurred. The consultants are not entitled to any additional payment for the overheads or profit in respect of these items.
3. The figures given above are based on estimates prepared by the CityU which have been examined and agreed by the Director of Architectural Services.



**Enclosure 3 to PWSC(2001-02)49**

**A comparison of the project estimate requested by CityU  
with the estimate recommended by UGC**

<b>Project</b>	<b>Amount proposed by CityU (in Sept 2000 prices) (\$ million)</b>	<b>Amount recommended by UGC (in Sept 2000 prices) (\$ million)</b>	<b>Amount of reduction (\$ million)</b>
CityU - Student hostel, phase 3 (523 places)	141.86	140.57	1.29

**Note**

Based on cost information of similar projects, the Director of Architectural Services advises that the construction cost proposed by CityU could be trimmed by \$1.00 million. The provision for consultants' fees, furniture and equipment, as well as contingencies have correspondingly been adjusted downwards by \$40,000, \$130,000 and \$120,000 respectively. The net reduction from CityU's initial estimate thus totals \$1.29 million.