

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 702 - PORT AND AIRPORT DEVELOPMENT Territory Development Civil Engineering - Land development 386CL - Central Reclamation phase 1 – engineering works

Members are invited to recommend to Finance Committee to increase the approved project estimate for **386CL** from \$2,564 million by \$80 million to \$2,644 million in money-of-the-day prices.

PROBLEM

The approved project estimate (APE) for **386CL** is not sufficient to complete the outstanding works under the project.

PROPOSAL

2. The Director of Territory Development (DTD), with the support of the Secretary for Planning and Lands and the Secretary for Transport, proposes to increase the APE for **386CL** from \$2,564 million by \$80 million to \$2,644 million in money-of-the-day (MOD) prices.

PROJECT SCOPE AND NATURE

3. The scope of the project as extended in April 1994 (see paragraph 15 below) comprises -

- (a) seawall and reclamation;

/(b)

- (b) roads, highway structures and drainage works, etc;
- (c) reprovisioning of affected facilities;
- (d) environmental improvement and additional monitoring measures;
- (e) soft and hard landscaping works;
- (f) Airport Railway (AR) advance works; and
- (g) extra works at Harbour View Street.

----- A site plan showing the scope of works is at Enclosure 1.

4. In August 1993, as part of the Airport Core Programme (ACP), we entrusted the construction works for **386CL** to the then Mass Transit Railway Corporation (now renamed as MTR Corporation Limited (MTRCL)) to ensure timely completion and to avoid interface problems between the Government reclamation works and the MTRCL works on the AR Hong Kong Station. We started construction works in September 1993 and substantially completed the majority of the works in June 1998. The outstanding works are as follows -

- (a) a footbridge linking the reprovisioned Central Piers to the AR Hong Kong Station development;
- (b) a road serving this development;
- (c) outstanding curtain walls, internal finishes and floor tiling works within the Central Piers 4 to 7 and outstanding landscaping works and covered walkways at their forecourts; and
- (d) other minor landscaping works.

5. The estimated amount of funding required for settling the account of some completed works, and commissioning the outstanding works is \$190.4 million. However, the remaining funds available under **386CL** only totals \$110.4 million. The net shortfall of \$80 million has arisen primarily because of -

- (a) higher-than-anticipated expenditure on some completed works, as described in paragraphs 6(a) to 6(i) below, and estimated to cost an extra \$103 million, as shown in paragraphs 8(a) to 8(i) below; and

/(b)

- (b) additional requirements for outstanding works, as described in paragraphs 7(a) to 7(b) below, and estimated to cost an extra \$30 million as shown in paragraphs 8(j) to 8(k) below.

The total additional requirement of \$133 million can be partly offset by a drawing down of the contingency provision under **386CL** by \$53 million. Thus, we propose to raise the APE for **386CL** by \$80 million, from \$2,564 million to \$2,644 million in MOD prices.

JUSTIFICATION

Higher-than-anticipated expenditure on completed works

6. We require an extra \$103 million to cater for the following works -

- (a) Modified design to cooling water mains and drainage works

We encountered uncharted underground utilities from time to time, especially along Connaught Road Central. Because of this, we had to modify the design of the affected cooling water mains and drainage works.

- (b) Additional piling works for Rumsey Street Flyover Extension

Following a review of the preliminary design for the Central-Wan Chai Bypass, we had to widen the Rumsey Street Flyover Extension so as to allow for a wider slip road for the Bypass. We then had to found the bored piles supporting the flyover extension at much deeper levels to cater for increased loading arising from the widening of the Rumsey Street Flyover Extension and to suit the actual ground conditions.

- (c) Additional dredging works

We had to revise the dredging profile because we encountered unexpected soft material adjacent to the existing seawall during dredging.

- (d) Relocation of refuse collection point

We planned to relocate the bus terminus next to Harbour Building to the eastern and northern sides of the Building to facilitate the construction of the new Man Kat Street. However,

/after

after consulting the then Central and Western District Board, the plan was amended to relocate the bus terminus to the west of Harbour Building where there was an existing refuse collection point (RCP). This meant we had to relocate the RCP as well.

(e) Additional works at advanced road tunnel underneath Man Yiu Street

In order to suit the alignment of the Central-Wan Chai Bypass, we had to revise the construction details and increase the length of the advanced road tunnel underneath Man Yiu Street to accommodate all proposed utilities and cooling water mains. In addition, we had to lower the founding levels of the tunnel to suit actual ground conditions.

(f) Additional works at Central Piers 1 and 3

We had to carry out additional fitting-out works at Central Pier 1 and works on the roof garden at Central Pier 3 to meet the latest safety and other standards stipulated by the concerned departments.

(g) Provision of public latrine at Man Kwong Street

We provided an additional public latrine at Man Kwong Street following pressure from the then Central & Western District Board.

(h) Additional traffic management measures at Connaught Road Central

In connection with the above additional works, we had to implement additional traffic diversion schemes and traffic management measures at Connaught Road Central.

(i) MTRCL's entrustment cost

We have incurred additional entrustment costs for completing the works as shown in (a) to (h) above.

Additional requirements for outstanding works

7. We will require an extra \$30 million to complete the following outstanding works -

/(a)

(a) Increased cost for the outstanding works at Central Piers 4 to 7

We modified the layout of Central Piers 4 to 7 at the request of the Hong Kong and Yamati Ferry Co Ltd (HYF) to allow for a proposed development above the piers. HYF agreed to indemnify Government for all additional costs arising from the new layout. However, the development proposal was abandoned in 1998, leaving some outstanding works at the piers (as listed in paragraph 4(c)) and the agreement between HYF and Government, with regard to costs, is now in dispute. The estimated cost of the outstanding works was higher than the original estimate due to the modified design of the piers. Funding is, therefore, required to complete the outstanding works.

We need to carry out the above works as soon as possible to provide the necessary facilities to meet passengers' needs. The Central and Western District Council has also pressed Government for early completion of the works. We will in parallel seek reimbursement of the additional costs for these works from HYF through legal proceedings.

(b) Additional consultants' fees

We will incur additional consultancy costs for site supervision related to the outstanding works at Central Piers 4 to 7 and their forecourt.

Overall Review

8. Following a review of the financial position of the project, DTD considers it necessary to increase the APE of **386CL** from \$2,564 million by \$80 million to \$2,644 million in MOD prices in order to meet the increase in the cost of the completed works and the outstanding works. A breakdown for the proposed increase of \$80 million is as follows -

Factor	Original estimate in MOD prices (\$million)	Proposed increase in MOD prices (\$ million)	% of the total increased amount
<u>Higher-than-anticipated expenditure on completed works</u>			
(a) Cooling water mains and drainage works	170.0	17.0	21.3

/(b)

(b) Piling works for Rumsey Street Flyover Extension	85.0	21.3	26.6
(c) Dredging works	24.0	4.0	5.0
(d) Re-location of RCP	-	17.4	21.7
(e) Advanced road tunnel works underneath Man Yiu Street	14.0	5.0	6.3
(f) Works at Central Piers 1 and 3	154.0	10.6	13.3
(g) Provision of public latrine at Man Kwong Street	-	4.0	5.0
(h) Traffic management measures at Connaught Road Central	10.0	13.0	16.2
(i) MTRCL's entrustment cost	258.0	10.7	13.4
Sub-total (A)	715.0	103.0	128.8
<u>Additional requirements for outstanding works</u>			
(j) Outstanding works at Central Piers 4 to 7 and their forecourt	-	26.0	32.5
(k) Consultants' fees for construction of the outstanding works as shown in item (j)	-	4.0	5.0
Sub-total (B)	-	30.0	37.5
Total (A) + (B)	715.0	133.0	166.3
<u>Partly offset by</u>			
(l) Drawdown from contingency	-	(53.0)	(66.3)
Net increase	-	80.0	100.0

/A

A comparison of the cost breakdown of the APE and the revised project estimate in MOD prices, together with reasons leading to the proposed increase in the APE, are set out at Enclosure 2.

FINANCIAL IMPLICATIONS

9. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (in MOD prices)
Up to 31 March 2001 ¹	2,453.6
2001 – 2002	76.4
2002 – 2003	62.0
2003 – 2004	32.0
2004 – 2005	20.0
	2,644.0

PUBLIC CONSULTATION

10. As there is no change in the project scope and most of the works have been completed, public consultation is unnecessary. We consulted the LegCo Panel on Planning, Lands and Works on 7 May 2001. Members were generally in support of the proposal.

ENVIRONMENTAL IMPLICATIONS

11. The proposed increase in the APE will not have any adverse long-term environmental impacts.

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¹ This is actual expenditure up to 31 March 2001.

12. As most of the works have been completed, there will be no significant generation of construction and demolition (C&D) materials. We will design the outstanding works to reduce the generation of C&D materials as much as possible. We estimate that about 2 000 cubic metres (m³) of C&D materials will be generated from these works. Of this, some 250 m³ (12.5%) will be reused on site, 1 470 m³ (73.5%) will be reused as fill in public filling areas² and 280 m³ (14.0%) will be disposed of at landfills. The notional cost of accommodating C&D waste at landfill sites is estimated to be \$35,000 for this project (based on a notional unit cost³ of \$125/m³).

LAND ACQUISITION

13. The proposed increase in the APE does not require further land acquisition.

BACKGROUND INFORMATION

14. In July 1993, Finance Committee approved the upgrading of part of **343CL** “Central Reclamation Phase 1 – engineering works” to Category A as **386CL** at an estimated cost of \$2,732 million in MOD prices.

15. In April 1994, Finance Committee approved the extension of the scope of works to allow certain extra works in Harbour View Street to proceed at an estimated cost of \$64 million in MOD prices. The extra works included the demolition of an elevated walkway alongside and three connecting footbridges across Harbour View Street and the installation of special supporting works for the new and refurbished utilities at the MTRCL Subway under Harbour View Street. The additional cost involved was absorbed by the then revised project contingency of \$127 million in MOD prices. The APE of **386CL** was also revised to \$2,564 million in MOD prices (i.e. a reduction of \$168 million) due to a review of the overall budget for ACP projects.

/16.

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

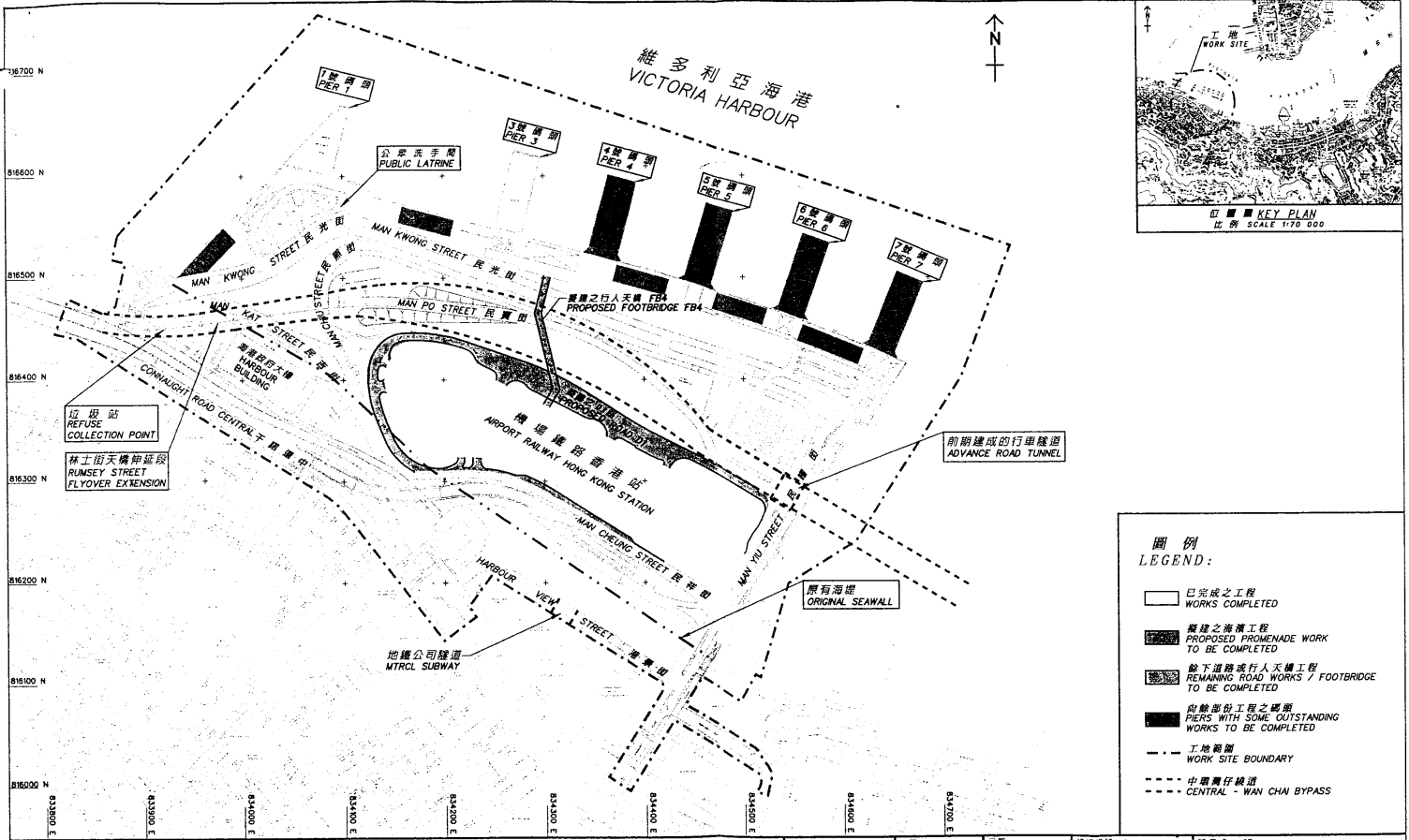
³ This estimate has taken into account the cost for developing, operating and restoring the landfills after they are filled and the aftercare required. It does not include the land opportunity cost for existing landfill sites (which is estimated at \$90/m³), nor the cost to provide new landfills (which are likely to be more expensive) when the existing ones are filled. The notional cost estimate is for reference only and does not form part of this project estimate.

16. We started construction works in September 1993 and substantially completed the majority of the works in June 1998. We are now processing the final accounts for the completed works. Subject to Finance Committee's approval of the proposed increase in APE, we shall carry out the outstanding works listed in paragraphs 4(c) and 4(d) above in October 2001 for completion by end 2003. MTRCL will carry out the works in paragraphs 4(a) and 4(b) above in mid 2001 for completion by end 2002 to tie in with other construction works for the AR Hong Kong Station development.

17. We estimate that the outstanding works will create 138 new jobs comprising seven professional staff, 18 technical/ancillary staff and 113 labourers during the construction period.

Planning and Lands Bureau
June 2001


[CL386-04.DOC]



二00一至二00二年度工務小組委員會文件
PWSC Submission 2001 - 2002

圖名 drawing title

中環填海第一期工程
CENTRAL RECLAMATION, PHASE I - ENGINEERING WORKS

繪圖 drawn	簽署 initial	日期 date	項目編號 item no.	辦事處 office
Fanny C.	Signed	12-6-2001	386CL	港島及離島拓展處 HONG KONG ISLAND AND ISLANDS DEVELOPMENT OFFICE
校對 checked	簽署 initial	日期 date	比例 scale	 拓展署 TERRITORY DEVELOPMENT DEPARTMENT
T. F. Hou	Signed	12-6-2001	1: 3500	
核准 approved	簽署 initial	日期 date	圖則編號 drawing no.	
H. H. Yeung	Signed	12-6-2001	HKI-391	

Enclosure 2 to PWSC(2001-02)53

386CL - Central Reclamation, phase 1 – engineering works

A comparison of the APE and the revised project estimate in MOD prices is as follows -

	Approved Estimate	Revised Estimate	Change	Reference in para. 8 of the paper
\$ million (MOD prices)				
(a) Seawall and reclamation	643.0	647.0	+4.0	8(c)
(b) Road, highway structures and drainage works, etc.	522.0	578.3	+56.3	8(a), (b), (e) & (h)
(c) Reprovisioning of affected facilities	795.0	849.0	+54.0	8(d), (f) & (j)
(d) Environmental improvement and additional monitoring measures	38.0	38.0	-	-
(e) Soft and hard landscaping works	56.0	60.0	+4.0	8(g)
(f) AR advance works	107.0	107.0	-	-
(g) Extra works at Harbour View Street	64.0	64.0	-	-
(h) MTRCL's entrustment cost	258.0	268.7	+10.7	8(i)
(i) Consultants' fees for construction stage	18.0	22.0	+4.0	8(k)
(j) Contingency	63.0	10.0	-53.0	8(l)
Sub-total	2,564.0	2,644.0	+80.0	

2. **As regards (a) (seawall and reclamation)**, the total increase of \$4.0 million is due to additional dredging due to unforeseen site conditions.

3. **As regards (b) (road, highway structures and drainage works, etc.)**, the total increase of \$56.3 million includes -

- (a) an increase of \$17.0 million due to the modified design in cooling water mains and drainage works to cope with uncharted utilities;
- (b) an increase of \$21.3 million due to additional piling works for Rumsey Street Flyover Extension;
- (c) an increase of \$5.0 million due to additional works for the advanced road tunnel underneath Man Yiu Street; and
- (d) an increase of \$13.0 million for additional traffic management measures at Connaught Road Central.

4. **As regards (c) (reprovisioning of affected facilities)**, the total increase of \$54.0 million includes -

- (a) an increase of \$17.4 million due to re-location of RCP;
- (b) an increase of \$10.6 million due to additional works at Central Piers 1 and 3; and
- (c) an increase of \$26.0 million due to increased cost for the outstanding works at Central Piers 4 to 7 and their forecourt.

5. **As regards (e) (soft and hard landscaping works)**, the total increase of \$4.0 million is due to the provision of a public latrine at Man Kwong Street.

6. **As regards (h) and (i) (MTRCL's entrustment cost and consultants' fees for construction stage)**, the total increase of \$14.7 million for MTRCL's on-cost for site supervision and consultants' fees for construction stage is in line with the increased cost of works.

7. **As regards (j) (contingency)**, we have retained \$10.0 million as contingencies for the outstanding works.