For discussion
on 17 April 2002

PWSC(2002-03)11

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 702 - PORT AND AIRPORT DEVELOPMENT
Territory Development
Civil Engineering - Land development
354CL - West Kowloon Reclamation - consultants' fees and site investigation

Members are invited to recommend to Finance Committee to increase the approved project estimate of **354CL** from $250 million by $37 million to $287 million in money-of-the-day prices.

PROBLEM

The approved project estimate (APE) of **354CL** is not sufficient to cover the expenditure for completing the detailed design and associated site investigation works for the West Kowloon Reclamation (WKR) project.

PROPOSAL

2. The Director of Territory Development (DTD), with the support of the Secretary for Planning and Lands, proposes to increase the APE of **354CL** from $250 million by $37 million to $287 million in money-of-the-day (MOD) prices.

PROJECT SCOPE AND NATURE

3. The scope of **354CL** comprises –

(a) planning of layout and development for WKR;

(b) environmental impact assessment (EIA) study for WKR;

/(c) .....

(c) investigation and design for seawall, reclamation and drainage works for the northern part[1] of WKR for an area of 173 hectares;

(d) design of all roadworks for WKR (excluding West Kowloon Highway);

(e) design of reprovisioning works of existing waterfront buildings and facilities requiring sea access including the reprovisioning of boatyards at Siu Lam, Tuen Mun;

(f) design of landscape works including Nam Cheong and Mei Foo landscaping works as environmental mitigation measures;

(g) a hydraulic impact study for the West Kowloon hinterland drainage system; and

(h) a supplementary study on saltwater intake in Kowloon South for the Water Supplies Department.

A site plan of WKR is at Enclosure 1. Another site plan showing the on-going works and future works of WKR is at Enclosure 2.

JUSTIFICATION

4. The WKR project involves the reclamation of 340 hectares of land along the West Kowloon waterfront from Yau Ma Tei to Lai Chi Kok, reprovisioning of the existing waterfront facilities, landscaping, essential improvement of hinterland stormwater drainage system, and provision of infrastructure on the newly reclaimed land. Since June 1990, we have already upgraded 14 separate parts (excluding **354CL**) of the engineering works of WKR under **332CL** to Category A. A list of the upgraded PWP items in relation to the WKR project is at Enclosure 3. Most of the works under the WKR project have been substantially completed and the remaining works (not including the proposed development of an integrated arts, cultural and entertainment district[2]) will be implemented in stages for completion by early 2007.

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1 The design of the southern part of WKR including seawall, reclamation and drainage works for an area of 167 hectares was carried out by the Director of Civil Engineering using in-house resources.

2 We informed FC in December 1999 that we would delete the remaining road and infrastructure works in Contract No. WK 28/98 (funded under **499CL**) to facilitate the replanning of the 40 hectares of land at the southern tip of WKR for the proposed development of an integrated arts, cultural and entertainment district.

5. We need to propose an increase in APE of $37 million for **354CL** to cover the $14.3 million additional consultants' fees and $18.7 million additional site investigation expenses required for implementation of the WKR project. To allow for other possible additional design and site investigation works in future, we also need to provide for **354CL** a contingency fund of $4 million. Details in relation to the additional consultants' fees and site investigation expenses are set out in paragraphs 6 to 10 below.

Additional consultants' fees

6. Consultants' fees of **354CL** are calculated based on the costs of works for implementing the WKR project under contractual agreement. Given the complex reclamation works and progressive reprovisioning of existing waterfront facilities involved, we have incurred additional costs of works which had not been anticipated at the initial planning and design stage. The increase in costs of works is due to the following –

(a) we have to carry out more substantial landscaping and environmental mitigation works to comply with the conditions and requirements stipulated in the EIA study; and

(b) we need to implement a number of large-scale works contracts in close vicinity. This has led to unforeseen and complex interface problems among the contractors, and thus increasing the cost of works.

7. Up to March 2002, the estimated total value of the completed works for the WKR project undertaken by consultants was $7,792.4 million compared with the original estimate of $5,000 million. A cost breakdown of the estimated value of the completed works under the WKR project is at Enclosure 4. We estimate the value of the on-going and future works to be $650 million. After making allowance for the current balance of funds available in **354CL**, the outstanding fees for the completed works and the fees payable for the on-going and future works, we will require an additional amount of $14.3 million for consultants' fees.

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Additional site investigation expenses

8. The increase in costs of works as mentioned in paragraph 6 above has also led to a corresponding increase in site investigation expenses. Apart from that, the presence of uncharted utilities in the old urban areas adjacent to WKR has necessitated more ground investigation works, thus incurring additional costs of site investigation.

9. Taking into account the $7.2 million additional site investigation expenses incurred for the works completed and the $11.5 million site investigation works to be carried out for implementing the remaining works of the WKR project, we propose to increase the provision for site investigation works of **354CL** by a total of $18.7 million (i.e., $7.2 million + $11.5 million).

10. As at end March 2002, the actual cumulative expenditure incurred under **354CL** was $247.4 million vis-a-vis the APE of $250 million. The remaining funds of $2.6 million are insufficient to meet the anticipated consultants' fees and site investigation expenses. Since the whole WKR project is expected to continue for the next several years, we consider it prudent to include contingencies of $4 million to cater for possible additional design and site investigation works in future. Following a review of the financial position of the project, DTD now proposes to increase the APE of **354CL** from $250 million by $37 million (i.e., $14.3 million + $18.7 million + $4 million) to $287 million in MOD prices to implement the remaining works for the WKR project. A breakdown of the proposed increase of $37 million is as follows –

Factor	**Amount of the proposed increase in MOD prices ($ million)**	**% of the total amount of increase in APE requested**
Consultants' fees		
(a) Outstanding fees for the completed works	0.1	0.2

/(b) .....

(b) Fees payable for the on-going works	5.7	15.4
(c) Fees payable for the future works (see paragraph 17 below)	18.3	49.5
(d) Funds previously redeployed to settle payment for the completed site investigation works (i.e., item (f) below)	(7.2)	(19.5)
(e) Remaining balance in hand	(2.6)	(7.0)
Sub-total	14.3	38.6
<u>Site investigation expenses</u>		
(f) Additional expenses incurred for the completed site investigation works	7.2	19.5
(g) Expenses payable for the future site investigation works (see paragraph 17 below)	11.5	31.1
Sub-total	18.7	50.6
(h) <u>Contingencies</u>	4.0	10.8
Net Increase	**37.0**	100.0

A comparison of the cost breakdowns of the APE and the revised project estimate in MOD prices is at Enclosure 5.

FINANCIAL IMPLICATIONS

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

Year	$ million (MOD)
Up to 31 March 2002	247.4
2002 – 2003	7.0
2003 – 2004	9.0
2004 – 2005	9.0
2005 – 2006	7.0
2006 – 2007	5.0
2007 – 2008	2.6
	287.0

12. The proposed increase in APE will have no recurrent financial implications.

PUBLIC CONSULTATION

13. As there is no change in the project scope and the proposed increase in APE is in respect of consultants' fees and site investigation works for the remaining works of WKR, public consultation afresh is not necessary. We circulated an information paper on this proposal to the LegCo Panel on Planning, Lands and Works in early April 2002.

/ENVIRONMENTAL .....

ENVIRONMENTAL IMPLICATIONS

14. The proposed increase in APE for consultants' fees and site investigation works will not have any adverse long-term environmental impacts. The proposed site investigation works will generate only a minimal amount of construction and demolition (C&D) materials. We will plan and design the works to minimise the generation of C&D materials during construction, and to re-use/recycle C&D materials as much as possible.

LAND ACQUISITION

15. The proposed increase in APE does not require any land acquisition.

BACKGROUND INFORMATION

16. The consultants' fees and site investigation works of WKR were originally put under Item **332CL** "West Kowloon Reclamation – main works". In November 1989, we upgraded **332CL** to Category B. In early 1990, we estimated, based on a preliminary design, the total cost of works for implementing the WKR project to be about $7,000 million, of which some $5,000 million worth of works would be undertaken by consultants. We estimated that for those works undertaken by consultants, the consultants' fees and associated site investigation were $190 million and $35 million respectively. In June 1990, we upgraded a part of **332CL** as **354CL** for the employment of consultants and site investigation works, at an estimated total cost of $225 million in March 1990 prices. In July 1994, FC approved an increase in the APE of **354CL** from $225 million by $25 million to $250 million in MOD prices to cover the additional consultants' fees of $15 million and site investigation works of $10 million.

17. Since June 1990, we have already upgraded 14 separate parts (excluding **354CL**) of the engineering works of WKR under **332CL** to Category A for implementation of the WKR project. The remainder of **332CL** covers mainly three footbridges along Sham Mong Road and local distributor roads in WKR. We will implement the remainder of **332CL** in end 2003 for completion in stages by early 2007. To tie in with this implementation programme, we have to complete the detailed design of the remaining works under **354CL**.

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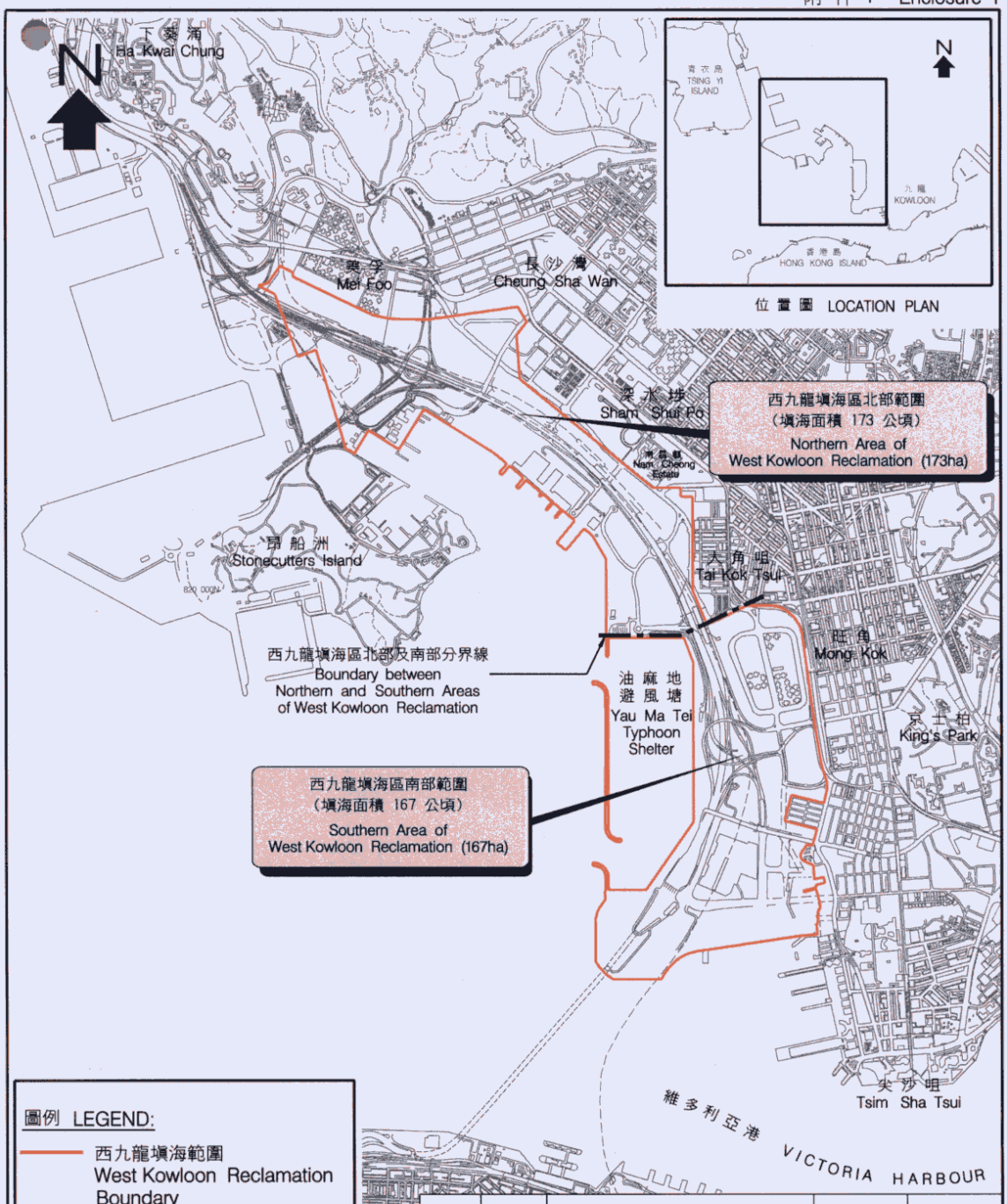
18. We estimate that the remaining site investigation and design works will provide some 33 jobs comprising 26 professional/technical staff and seven labourers, totalling 310 man-months.

Planning and Lands Bureau
April 2002

附 件 1 Enclosure 1



編號 no.	日期 date	內容摘要 description	核對 checked	核准 approved
A	28 Mar 2002	Financial year changed	signed	signed

修訂 REVISION

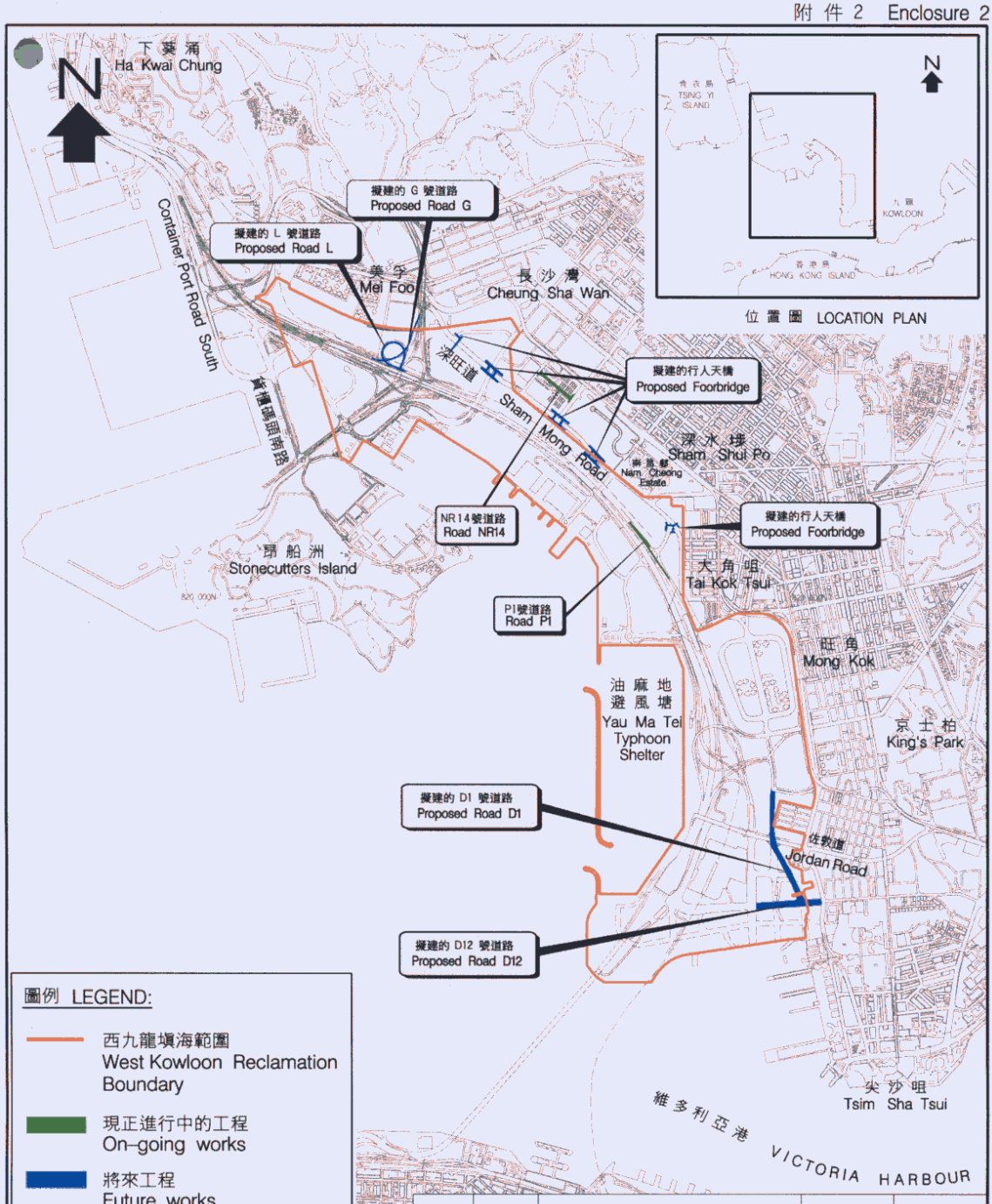
2002年至2003年年度工務小組委員會文件
PWSC Submission 2002 – 2003

圖則名稱 drawing title

西九龍填海區 – 顧問費及地盤勘測工作
West Kowloon Reclamation –
consultants' fees and site investigation

	簽署 initial	日期 date		
繪圖 drawn C.F. Ng	signed	11 Oct 2001	項目編號 Item no. 2354CL	辦事處 office 九龍拓展處 KOWLOON DEVELOPMENT OFFICE
核對 checked H.T. Tang	signed	11 Oct 2001	比例 scale 1 : 30 000	拓展署 TERRITORY DEVELOPMENT DEPARTMENT
核准 approved Christina Kwong	signed	11 Oct 2001	圖則編號 drawing no. K 152A	

附 件 2 Enclosure 2



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修訂 REVISION

2002年至2003年年度工務小組委員會文件
PWSC Submission 2002 – 2003

圖則名稱 drawing title

西九龍填海區 – 現正進行中的工程及將來工程
West Kowloon Reclamation – on-going works and future works

	簽署 initial	日期 date		
繪圖 drawn C.F. Ng	signed	11 Oct 2001	項目編號 item no. 2354CL	辦事處 office 九龍拓展處 KOWLOON DEVELOPMENT OFFICE
核對 checked H.T. Tang	signed	11 Oct 2001	比例 scale 1 : 30 000	拓展署 TERRITORY DEVELOPMENT DEPARTMENT
核准 approved Christina Kwong	signed	11 Oct 2001	圖則編號 drawing no. K 153A	

List of PWP items in relation to the WKR project previously upgraded to Category A from 332CL (Excluding 354CL)

Date of upgrading to Category A	PWP item no.	Project title	APE ($ million)
Nov 1990	365CL	WKR – southern area, phase I	694.0
Nov 1990	366CL	WKR – northern area, phase I	2,010.0
July 1991	382CL	WKR – hinterland drainage package I	160.0
May 1992	391CL	WKR – southern area, phase II	810.0
July 1992	395CL	WKR – northern area, phase II	2,840.0
Jan 1993	403CL	WKR – remaining hinterland drainage works and sewerage network package I	998.0
Apr 1994	431CL	WKR – southern area, phase III	330.0
Nov 1994	447CL	WKR – sewerage network package 2	231.0
Mar 1995	407CL	WKR – distributor roads and related drainage works	580.0
Mar 1995	452CL	WKR – roads and drains, phase I	532.0
July 1996	472CL	WKR – remaining roadworks, stage I	130.1
Oct 1998	499CL	WKR – southern area, phase 4 and remaining roadworks, stage 2	914.0
Jan 2001	682CL	WKR – remaining roadworks, stage 4	65.7
Dec 2001	761TH	WKR – remaining roadworks, stage 3, phase 1	223.4

Cost breakdown of the estimated value of the completed works under the WKR project

	Contract works	Estimated value of completed works $ million (MOD)
1.	WKR – northern area, phase 1	1,531.62
2.	WKR – hinterland drainage package 1A	136.11
3.	WKR - northern area, phase II	2,663.04
4.	WKR - Tsing Yi North shipyard, shiplift and transfer equipment	33.62
5.	WKR - Tung Chau Street extension and dualling	33.98
6.	WKR - Hong Kong Ferry shipyard at North Tsing Yi	227.21
7.	WKR – sewerage network, package 1	285.3
8.	WKR - hinterland drainage package 2 (northern portion)	239.7
9.	WKR - hinterland drainage package 2 (southern portion)	211.86
10.	WKR - sewerage network package 2	178.95
11.	WKR - southern area roadworks	587.32
12.	WKR - northern area roadworks	476.56
13.	WKR - remaining roadworks, stage 1	262.21
14.	WKR - remaining roadworks, stage 2	297.76
15.	Drainage works entrusted to others for construction	517.00
16.	Roadworks entrusted to others for construction	107.43
17.	TDD term contract	2.71
	Sub-total	7,792.38
		Say, $7,792.4

354CL – West Kowloon Reclamation - consultants' fees and site investigation

A comparison of the approved project estimate and the revised project estimate in MOD prices is as follows –

	Approved Estimate (July 1994)	Revised Estimate	Difference
		$ million (MOD)	
(a) Consultants' fees	205.0	219.3	14.3
(b) Site investigation expenses	45.0	63.7	18.7
(c) Contingencies	-	4.0	4.0
Total	250.0	287.0	37.0

2. **As regards (a) (consultants' fees)**, the increase of $14.3 million includes –

(a) an increase of $0.1 million for the design of the completed works;

(b) an increase of $5.7 million for the design of the on-going works;

(c) an increase of $18.3 million for the design of the future works;

(d) an offset of $7.2 million which has been redeployed to settle payment for the completed site investigation works mentioned in paragraph 3(a) below; and

(e) an offset of the $2.6 million remaining balance in hand.

3. **As regards (b) (site investigation expenses)**, the increase of $18.7 million includes –

(a) an increase of $7.2 million for the completed site investigation works; and

(b) an increase of $11.5 million for the future site investigation works.

4. **As regards (c) (contingencies)**, we consider it necessary to allow for contingencies of $4.0 million to cater for possible additional design and site investigation works in future.