

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 703 – BUILDINGS

Recreation, Culture and Amenities – Sports facilities

242RS – Tseung Kwan O Sports Ground

Members are invited to recommend to Finance Committee the approval of an increase in the approved project estimate for **242RS** from \$293.1 million by \$59.2 million to \$352.3 million in money-of-the-day prices.

PROBLEM

The approved project estimate (APE) for **242RS** is insufficient for the construction works under the project.

PROPOSAL

2. The Director of Architectural Services (D Arch S), with the support of the Secretary for Home Affairs, proposes to increase the APE for **242RS** from \$293.1 million by \$59.2 million to \$352.3 million in money-of-the-day (MOD) prices.

PROJECT SCOPE AND NATURE

3. The approved project scope of **242RS** comprises the construction of Tseung Kwan O Sports Ground with the following facilities –

/(a)

(a) Main Sports Ground

- (i) track and field provisions conforming to the International Association of Athletics Federations (IAAF) standards, including an eight-lane 400-metre all-weather synthetic running track, a javelin-throw circle, high jump take-off runways and pits, long jump and triple jump runways and pits, pole-vault runway and landing area, steeple chase facilities, a hammer and discus cage, and a shot-put throwing area;
- (ii) an 11-a-side natural turf football pitch conforming to the Federation Internationale de Football Association standards; and
- (iii) a covered spectator stand with a seating capacity of about 3 500, including a VIP section of 250 seats, and space for the provision of a temporary removable spectator stand with 1 500 seats.

(b) Secondary Sports Ground

- (i) warm-up track and field facilities up to IAAF specifications, including a loop of at least 300-metre running track together with a 120-metre straight track and facilities for field events (i.e. long jump, triple jump, pole-vault, high jump, shot-put, discus and hammer throw, javelin-throw and steeple chase); and
- (ii) a 7-a-side natural turf football pitch surrounded by the warm-up loop of running track mentioned in item (b)(i) above.

(c) Ancillary Facilities

- (i) vehicle parking spaces for 60 private cars and 10 coaches, a lay-by for taxis and two bicycle parking areas;

/(ii)

- (ii) entrance plaza with landscaped areas, a ticketing office, a main entrance foyer and associated facilities;
- (iii) modifications (including the provision of lift) to the existing footbridge near the entrance plaza; and
- (iv) ancillary facilities including changing rooms, toilets, doping control, first-aid, weight-lifting and massage rooms, administration offices, control and security rooms, press and interview facilities, store rooms, maintenance and service yards, refuse collection chambers, electrical and mechanical plant rooms, and an administration block near the secondary sports ground to accommodate the necessary facilities for organisation of events and conferences as well as holding of training exercises.

———— A conceptual layout is at Enclosure 1.

JUSTIFICATION

4. As mentioned in the submission made to this Subcommittee on 26 January 2005 for **242RS** vide PWSC(2004-05)54, the project will be delivered by a design-and-build (DB) contract. The selected DB contractor will be responsible for both the design and construction works. In September 2005, we received tender returns from three pre-qualified tenderers. According to the most advantageous tender, the total project cost of **242RS** amounts to \$362.9 million. This exceeds the APE of \$293.1 million by \$69.8 million.

5. We have reviewed the tender exercise and conclude that the tenderer's proposals are appropriate and in line with our stipulated requirements. A further analysis reveals that while the bidding prices on works items are within estimate, those on overhead costs are higher-than-expected which has led to the overall bid being in excess of the original budget. We consider that the higher-than-expected overhead costs submitted by tenderers may be attributable to the following –

/(a)

- (a) In view of the booming construction activities in the neighbouring markets (e.g. Macao), tenderers may have anticipated a rising trend of construction and overhead costs in the local market. Consequently, they might have adopted a more conservative pricing strategy in their tender returns as reflected in the bidding prices on site supervision, plant equipment, insurance, etc.
- (b) Given that the current tender exercise is for the construction of a sports ground which will be the very first in Hong Kong suitable for holding major athletic events including the East Asian Games (EAG), tenderers might have adopted a more conservative pricing strategy in their bids, especially the overhead costs.

6. We have considered the option of re-tendering the project. In view of tenderers' general anticipation of a rising trend in construction and overhead costs, it is unlikely that the bids will be lower upon re-tendering. This would also delay the project commencement by more than half a year. More importantly, **242RS** is a project the timely completion of which is critical for holding athletic events of the EAG in 2009. We have also explored the option of reducing the approved project scope but do not consider it feasible. This is because the current scope, devised in consultation with the Hong Kong Amateur Athletic Association, already represents the basic necessary requirements for constructing a sports ground conforming to the International Association of Athletics Federations standards and suitable for the holding of EAG and other major athletic events.

7. In the light of the returned tenders which give a clearer indication of the project cost, and in view that this project is still at the pre-construction stage, D Arch S considers it prudent to have a reduced contingencies to cater for unforeseen incidences so as to ensure smooth progress of the project. He therefore proposes to retain \$16 million out of the project contingencies of \$25.7 million and deploy the balance of \$9.7 million, together with savings of \$900,000 under Consultant's Fee, to partially offset the \$69.8 million increase in the project cost. In the circumstances, it is necessary to increase the APE of **242RS** from \$293.1 million by \$59.2 million to \$352.3 million in MOD prices to meet the increased construction cost.

/FINANCIAL

FINANCIAL IMPLICATIONS

8. We estimate the revised project estimate of **242RS** to be \$352.3 million in MOD prices, made up as follows –

	\$ million
(a) Site formation	1.6
(b) Piling	35.3
(c) Main sports ground facilities	28.0
(d) Secondary sports ground facilities	13.6
(e) Spectator stand (including the ancillary facilities below)	99.7
(f) Administration block	34.3
(g) Building services	66.5
(h) Drainage	9.4
(i) External works	36.5
(j) Soft landscaping works	5.0
(k) Furniture and equipment	3.2
(l) Consultant's fee for contract administration	3.2
(m) Contingencies	16.0
Total	352.3

A comparison of the approved project estimate and the revised project estimate of **242RS** in MOD prices, together with the explanation for the proposed increase, is at Enclosure 2.

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

Year	\$ million (MOD)
2005 – 06	0.4
2006 – 07	71.9
2007 – 08	193.7
2008 – 09	66.9
2009 – 10	17.6
2010 – 11	1.8
Total	352.3

10. We have derived the MOD estimates on the basis of the Government's latest forecast of trend rate of change in the prices of public sector building and construction output for the period 2005 to 2011. The contract will provide for price adjustments because the contract period will exceed 21 months.

11. Since there is no change in the project scope, the proposed increase in APE will not give rise to any additional recurrent expenditure.

PUBLIC CONSULTATION

12. We had consulted the Sai Kung District Council, the Hong Kong Amateur Athletic Association and the Home Affairs Panel on the development proposal before the Finance Committee approved the upgrading of the project to Category A in February 2005. As there is no change in the project scope, we consider further public consultation on the proposed increase in APE not necessary. Nevertheless, we have kept the Home Affairs Panel informed of the increase in APE for the project by way of an Information Paper.

ENVIRONMENTAL IMPLICATIONS

13. The proposed increase in APE does not have any additional environmental impact.

LAND ACQUISITION

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

BACKGROUND INFORMATION


15. In February 2005, the Finance Committee approved the upgrading of **242RS** to Category A at an estimated cost of \$293.1 million in MOD prices. We invited tenders for the DB contract from the pre-qualified tenderers in June 2005. Subject to Members' approval of the proposed increase in APE, we plan to start the construction works in February 2006 for completion in February 2009.

16. We estimate that the proposed works at an estimated cost of \$352.3 million will create about 230 jobs (200 for labourers and another 30 for professional/technical staff) providing a total employment of 4 850 man-months.

17. The proposed development will provide the Tseung Kwan O new town with a much needed sports ground; and at the same time upgrade Hong Kong's athletic venues facilities with a new sports ground equipped with facilities up to international standards for holding large-scale athletics competitions, including the track and field events of the 2009 EAG. A summary of the need for the development of the Tseung Kwan O Sports Ground is at Enclosure 3 for Members' reference.



位置圖 LOCATION PLAN
比例 SCALE 1:10000

將軍澳運動場 TSEUNG KWAN O SPORTS GROUND	title 242 RS	drawn by TF LAM	date OCT 2004	drawing no. AB/5586/XA101	scale 1:4000
		approved P FUNG	date OCT 2004	 ARCHITECTURAL SERVICES DEPARTMENT	
		office PROJECT MANAGEMENT BRANCH			

242RS – Tseung Kwan O Sports Ground

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

	(A) Approved project estimate	(B) Revised project estimate	(B) – (A) Difference between the approved and revised project estimates
	\$ million	\$ million	\$ million
(a) Site formation	1.6	1.6	-
(b) Piling	30.1	35.3	5.2
(c) Main sports ground facilities	22.6	28.0	5.4
(d) Secondary sports ground facilities	10.7	13.6	2.9
(e) Spectator stand (including the ancillary facilities below)	81.6	99.7	18.1
(f) Administration block	28.9	34.3	5.4
(g) Building services	49.8	66.5	16.7
(h) Drainage	7.0	9.4	2.4
(i) External works	22.8	36.5	13.7
(j) Soft landscaping works	5.0	5.0	-
(k) Furniture and equipment	3.2	3.2	-
(l) Consultant's fee for contract administration	4.1	3.2	(0.9)
(m) Contingencies	25.7	16.0	(9.7)
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Total	293.1	352.3	59.2
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As regards items (b) to (h) (Piling, Building, Building services and Drainage), the net increase of \$56.1 million is due to the higher-than-expected tender returns as explained in paragraph 5 of the paper. The apparent anticipation of tenderers on the rising trend of construction and overhead costs and the adoption of a conservative pricing strategy have led to the high tender prices.

2. As regards item (i) (External works), the net increase of \$13.7 million is due to the inclusion of a paved entrance plaza with a fully openable boundary fence wall in the tenderer's submitted proposal. We consider the proposal appropriate and worthwhile on security and safety grounds as it will not only enable an effective segregation and smooth circulation of spectators, VIPs and athletes, but also offer a more effective means to discharge the crowds within a short time.

3. As regards item (l) (Consultant's fee), the net decrease of \$900,000 is because the consultancy fee for quantity surveying and electronic installations awarded in early 2005 is lower than the original estimate.

4. As regards item (m) (Contingencies), the net decrease of \$9.7 million is due to the draw-down of the contingencies to partially offset the \$69.8 million increase in the project cost (\$900,000 of which will be offset by savings under Consultant's Fee).

Need for the Development of Tseung Kwan O Sports Ground

Need of the New Sports Ground

Tseung Kwan O (TKO) is a fast developing new town with a current population of 331 300 which will be increased by about 16% to about 383 500 in 2013. As a reference, the Hong Kong Planning Standards and Guidelines suggest that a sports ground should be provided for a population of 200 000 to 250 000. Although there is currently the Sai Kung Tang Siu Kin Sports Ground in the Sai Kung district, it is located in Sai Kung town, geographically separated from TKO. Therefore, there is a need to provide a sports ground in TKO. This also ties in with the planning objective of developing TKO new town into a self-contained community.

2. The population profile in TKO is relatively young. According to the latest 2001 Population Census, there is a significant percentage of children and young adult in TKO. About 52% of TKO's population are below 34 years of age. This forms a strong potential user base for the proposed sports facilities. There are also 47 secondary and primary schools in TKO which could make use of the sports ground for organising athletic meets and other sports activities. The sports ground will be well served by public transportation including the Mass Transit Railway. It could also be readily used by others outside the TKO area.

3. Currently, the Leisure and Cultural Services Department (LCSD) manages a total of 52 natural turf football pitches in Hong Kong. They are very popular with an average usage rate of almost 100%. At present, there are only one artificial turf football pitch and one hard-surfaced football pitch in Po Tsui Park, and one hard-surfaced football pitch in Po Hong Park. Both parks are located at the northern part of TKO. The artificial turf pitch has an average usage rate of 92% whereas the two hard-surface pitches have an average usage rate of 88% during peak hours in 2004. We expect that the proposed natural turf football pitches of the new sports ground (an in-field 11-a-side natural turf football pitch in the main sports

ground and a 7-a-side natural turf football pitch in the secondary sports ground), which is located at the southern part of the densely populated TKO new town, will be heavily patronized for football activities.

Usage of the Sports Ground

4. The proposed scope of the Tseung Kwan O Sports Ground (TKOSG) includes a secondary sports ground and other necessary event organisation and athletic facilities designed and built to IAAF standards suitable for holding international/regional track and field competitions including the athletic events of the 2009 EAG. Apart from serving as the venue for large-scale international athletics competitions, the TKOSG will also enable the Hong Kong Amateur Athletic Association to organise sports clinics on athletics on a regular basis with a view to raising the sports standard of athletics in Hong Kong. The TKOSG will become the regular base of training for track and field events in Hong Kong. Local major cross-district and inter-school sports/athletic events will be able to use this venue.

5. In normal periods when there are no large-scale athletic events which will make use of both the main and secondary sports grounds, each of the facilities can be operated independently and can be used simultaneously by different parties. The provision of the track and field facilities in the secondary sports ground will therefore provide additional opportunities for sports associations, schools, etc., to conduct athletics programmes/training when the main sports ground is being used for athletic meets or football matches. The function rooms of the sports ground will also be used for local recreation and sports programmes such as yoga, social dances, table-tennis, tai-chi and judo, etc.

Public Consultation

6. On 13 August 2002, the LCSD and ArchSD consulted the Culture, Recreation and Sports Committee of Sai Kung District Council on the proposed development of a district-based sports ground. Members supported the proposal. In April 2004, the Sai Kung District Council was informed of the proposed upgrading of the TKOSG. Members strongly supported the proposed upgrading of the project scope. On 10 August 2004, the Culture, Recreation and Sports Committee of Sai

Kung District Council was further consulted on details of the upgrading proposal, and Members rendered strong support to the project.

7. On 23 November 2004, the LCSD and ArchSD updated Sai Kung District Council on the latest planning progress of the project and consulted Members on the proposed DB mode of implementation, together with a conceptual layout (which would serve as a reference for inviting tenders). The Sai Kung District Council rendered strong and full support to the project proposal, noting that the detailed design would only be available at a later date from the successful bidder after the contract has been awarded. They also urged the Government to implement the project early to prepare for the organisation of the 2009 EAG.

8. The LCSD also consulted the Hong Kong Amateur Athletic Association, the organiser of major athletic events in Hong Kong, which also strongly supported the proposed development of the TKOSG, and advised that the proposed scope of the sports ground would be suitable for holding international athletics competitions including the track and field events of the 2009 EAG. Besides, the TKOSG would also be suitable for holding other international and regional competitions such as the Asian Athletics Championships, Asian Junior Athletics Championships, IAAF World Outdoor Meetings, IAAF World Athletics Series, Asian Grand Prix Series and Asian All-Stars Athletics Championships, etc.

9. Enabling the sports community to organise major athletics events such as the EAG and Asian Championships as well as providing a base for athletic training, the completion of the TKOSG would be a major improvement to Hong Kong's athletic venue facilities and a significant step forward in the promotion of sports in Hong Kong. The sports ground will become a much welcomed sports facility in Hong Kong.