

## ITEM FOR FINANCE COMMITTEE

### RECOMMENDATION OF THE PUBLIC WORKS SUBCOMMITTEE ON PUBLIC WORKS PROGRAMME AND CAPITAL SUBVENTION PROJECTS

#### PURPOSE

This note provides an update on the programme of **121KA** “Joint-user Government Office Building in Cheung Sha Wan – pre-construction consultancy services and site investigation works”.

#### JUSTIFICATION

2. The Public Works Subcommittee recommended on 24 June 2015 that the Finance Committee (FC) approve the upgrading of part of **121KA** for the pre-construction consultancy services and site investigation works to Category A at an estimated cost of \$103.2 million in money-of-the-day prices. A member requested that the recommendation on **121KA** should be submitted to the FC separately to facilitate voting on the subject. The supplementary information requested was submitted to the PWSC on 4 November 2015.

3. The proposal was not discussed by the FC within the 2014-15 legislative session. We need to update the programme of the project as a result of the delay in securing funding approval. The revised paper is at the Enclosure, with the revisions shaded in grey for easy reference.

Encl.

4. Members are invited to approve the PWSC recommendation.

-----

**HEAD 703 – BUILDINGS**

**Government Office – Intra-governmental Services**

**121KA – Joint-user Government Office Building in Cheung Sha Wan**

Members are invited to recommend to the Finance Committee –

- (a) the upgrading of part of **121KA**, entitled “Joint-user Government Office Building in Cheung Sha Wan – pre-construction consultancy services and site investigation works”, to Category A at an estimated cost of \$103.2 million in money-of-the-day prices; and
- (b) the retention of the remainder of **121KA** in Category B.

**PROBLEM**

We need to carry out pre-construction consultancy services and site investigation works for the proposed joint-user government office building (to be named as “Treasury Building”) at the junction of Tung Chau Street and Tonkin Street West in Cheung Sha Wan.

**/PROPOSAL .....**

## PROPOSAL

2. The Director of Architectural Services, with the support of the Secretary for Financial Services and the Treasury, proposes to upgrade part of **121KA** to Category A at an estimated cost of \$103.2 million in money-of-the-day (MOD) prices to carry out the pre-construction consultancy services and site investigation works for the proposed Treasury Building.

## PROJECT SCOPE AND NATURE

3. The part of **121KA** that we propose to upgrade to Category A comprises –

(a) design work for the proposed Treasury Building of about 23 600 square metres (m<sup>2</sup>) of net operational floor area (NOFA)<sup>1</sup> for the following uses –

(i) reprovisioning the offices of five bureaux and departments<sup>2</sup> accommodated in the three government office buildings at the Wan Chai waterfront, and three departments<sup>3</sup> accommodated in leased private premises in Wan Chai, Mong Kok, Cheung Sha Wan and Kowloon Bay;

(ii) a general out-patient clinic;

/(iii) .....

---

<sup>1</sup> NOFA is the floor area actually allocated to the users of a building for carrying out the intended activities. Unlike the construction floor area which takes into account all areas within the building structure envelope, NOFA does not include areas for toilets, bathrooms and shower rooms, lift lobbies, stair halls, public or shared corridors, stairwells, escalators and lift shafts, pipe or services ducts, barrier-free access facilities, gender mainstreaming facilities, refuse chutes and refuse rooms, balconies, verandas, open decks and flat roofs, parking spaces, loading and unloading areas and mechanical plant rooms, etc. The exact NOFA of the proposed Treasury Building will be subject to detailed design.

<sup>2</sup> These include the Torture Claims Appeal Board under the Security Bureau, the Treasury, the Office of the Government Chief Information Officer, the Office of the Communications Authority and the Labour Department.

<sup>3</sup> These include the Labour Department, the Registration and Electoral Office and Hongkong Post's Cheung Sha Wan Delivery Office.

- (iii) property management facilities, a public art display area, and other ancillary facilities, including around 45 parking spaces as well as loading and unloading facilities; and
- (iv) future allocation and contingency uses;
- (b) site investigations and minor studies (such as preliminary environmental review, tree and topographical surveys, etc.) to facilitate the design work described in paragraph 3(a) above; and
- (c) preparation of tender documents (including tender drawings) and assessment of tenders for the construction of the offices and facilities as described in paragraph 3(a) above.

\_\_\_\_\_ A site plan of the project is at Annex A.

4. Subject to the funding approval of the Finance Committee (FC), we plan to commence the pre-construction works in the first quarter of 2016 for completion by the third quarter of 2018.

5. We will retain the remainder of **121KA** in Category B for the construction of the offices and facilities as described in paragraph 3(a) above. Funding for the remainder of **121KA** will be sought at a later stage after completion of the pre-construction works.

## JUSTIFICATION

6. It is the Government's policy to accommodate its offices in government-owned properties as circumstances permit and relocate non-location-bound government offices out of high value areas, including the Central Business Districts. In accordance with this policy and to help alleviate the shortage of government-owned office space, we propose to construct the Treasury Building at a site of around 5 121 m<sup>2</sup> at the junction of Tung Chau Street and Tonkin Street West in Cheung Sha Wan. Subject to the detailed design, the proposed Treasury Building will consist of around 20 storeys.

7. The proposed Treasury Building will facilitate the implementation of the phased relocation exercise for the three government office buildings at the Wan Chai waterfront, as well as the relocation of some government offices and facilities currently accommodated in leased private premises. This will increase the overall supply of commercial office space, in particular grade A office space, in Wan Chai and also other districts. The relocation of government offices out of leased premises will also achieve an estimated annual saving in rental expenditure of about \$26 million.

8. Some convenient front-line services will be provided to the public in the proposed Treasury Building. For example, the recruitment centre for the catering and retail industries of the Labour Department (LD) to be relocated from Wan Chai will provide job vacancy information, organise job fairs and serve as a platform for employers to recruit suitable job seekers in the catering and retail industries.

9. In addition, the proposed general out-patient clinic to be operated by the Hospital Authority will provide primary care services to meet the service needs of local residents, including the elderly, low income groups and chronically ill patients. Services will include medical consultation for patients with episodic illnesses and chronic diseases and multi-disciplinary services to control disease progression.

10. It is necessary to commission pre-construction consultancy services to develop the design of the proposed Treasury Building and conduct site investigations to provide relevant information for the design work. Owing to insufficient in-house resources in the Architectural Services Department, we propose to engage consultants to undertake the pre-construction works.

## FINANCIAL IMPLICATIONS

11. We estimate the cost of the proposed pre-construction works to be \$103.2 million in MOD prices (see paragraph 12 below), broken down as follows –

	\$ million
(a) Consultants' fees for design and preparation of tender documents	76.0

/(b) .....

		<b>\$ million</b>
(b)	Site investigations and minor studies	3.3
(c)	Contingencies	7.9
	Sub-total	87.2 (in September 2014 prices)
(d)	Provision for price adjustment	16.0
	Total	103.2 (in MOD prices)

A breakdown of the estimates for the consultants' fees by man-months is at Annex B.

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

<b>Year</b>	<b>\$ million (Sept 2014)</b>	<b>Price adjustment factor</b>	<b>\$ million (MOD)</b>
2015-16	1.0	1.05725	1.1
2016-17	20.0	1.12069	22.4
2017-18	52.0	1.18793	61.8
2018-19	14.2	1.25920	17.9
Total	87.2		103.2

13. We have derived the MOD estimates on the basis of the Government's latest set of assumptions on the trend rate of change in the prices of public sector building and construction output for the period from 2015 to 2019. Subject to funding approval, we will engage consultants to undertake the proposed consultancy services on a lump-sum basis based on pre-defined scope of the services with appropriate provision for price adjustment for the duration of the consultancy concerned. We will deliver the site investigation works under a re-measurement contract, with provision of price adjustment as necessary, because the quantity of works involved may vary depending on actual ground conditions and design development.

/14. ....

14. The proposed pre-construction works will not give rise to any recurrent consequences.

## **PUBLIC CONSULTATION**

15. We have consulted the Sham Shui Po District Council (SSPDC) and various local stakeholders (including the Mutual Aid Committees of Fu Cheong Estate and Wing Cheong Estate and the schools in the vicinity) on the project. At its meeting on 24 June 2014, SSPDC discussed and unanimously supported the construction of the proposed Treasury Building. SSPDC members welcomed in particular the provision of the general out-patient clinic and the recruitment centre of the LD which will directly benefit the local community.

16. We consulted the Legislative Council Panel on Financial Affairs on the proposed pre-construction consultancy services and site investigation works on 3 November 2014. Members generally supported the proposal.

## **ENVIRONMENTAL IMPLICATIONS**

17. This project is not a designated project under the Environmental Impact Assessment (EIA) Ordinance (Chapter 499). We will carry out a Preliminary Environmental Review for the project and agree the findings with the Director of Environmental Protection. The proposed design, site investigation works and minor studies will not cause long-term adverse environmental impacts. We shall implement suitable mitigation measures to control any short-term environmental impacts arising from these activities.

18. The proposed pre-construction works will generate very little construction waste. We will require the consultants to fully consider measures to minimise the generation of construction waste and to reuse or recycle construction waste.

## **HERITAGE IMPLICATIONS**

19. The proposed pre-construction works will not affect any heritage site, i.e. all declared monuments, proposed monuments, graded historic sites and buildings, sites of archaeological interest and Government historic sites identified by the Antiquities and Monuments Office.

/LAND .....

## LAND ACQUISITION

20. The proposed pre-construction works do not require any land acquisition.

## BACKGROUND INFORMATION

21. The proposed Treasury Building is one of the replacement buildings for the relocation of the three government office buildings at the Wan Chai waterfront. This large-scale relocation exercise will involve 29 departments, 175 000 m<sup>2</sup> of office space and more than 10 000 staff. We will implement the exercise in phases as it takes time to reprovision all the departments involved.

22. **121KA** was upgraded to Category B in December 2013.

23. On 24 June 2015, the PWSC recommended the upgrading of part of **121KA** to Category A at an estimated cost of \$103.2 million in MOD prices for carrying out pre-construction consultancy services and site investigation works for the proposed joint-user government office building. The proposal was not discussed by the FC within the 2014-15 legislative session.

24. The proposed pre-construction works will not involve any tree removal or planting works. We will require the consultants to take into consideration the need for tree preservation and formulate tree removal proposals during the design stage of the project. We will also include tree planting proposals, where possible, during the construction phase.

25. We estimate that the proposed pre-construction works will create about 31 jobs (one for labourers and 30 for professional/technical staff) providing a total employment of 676 man-months.

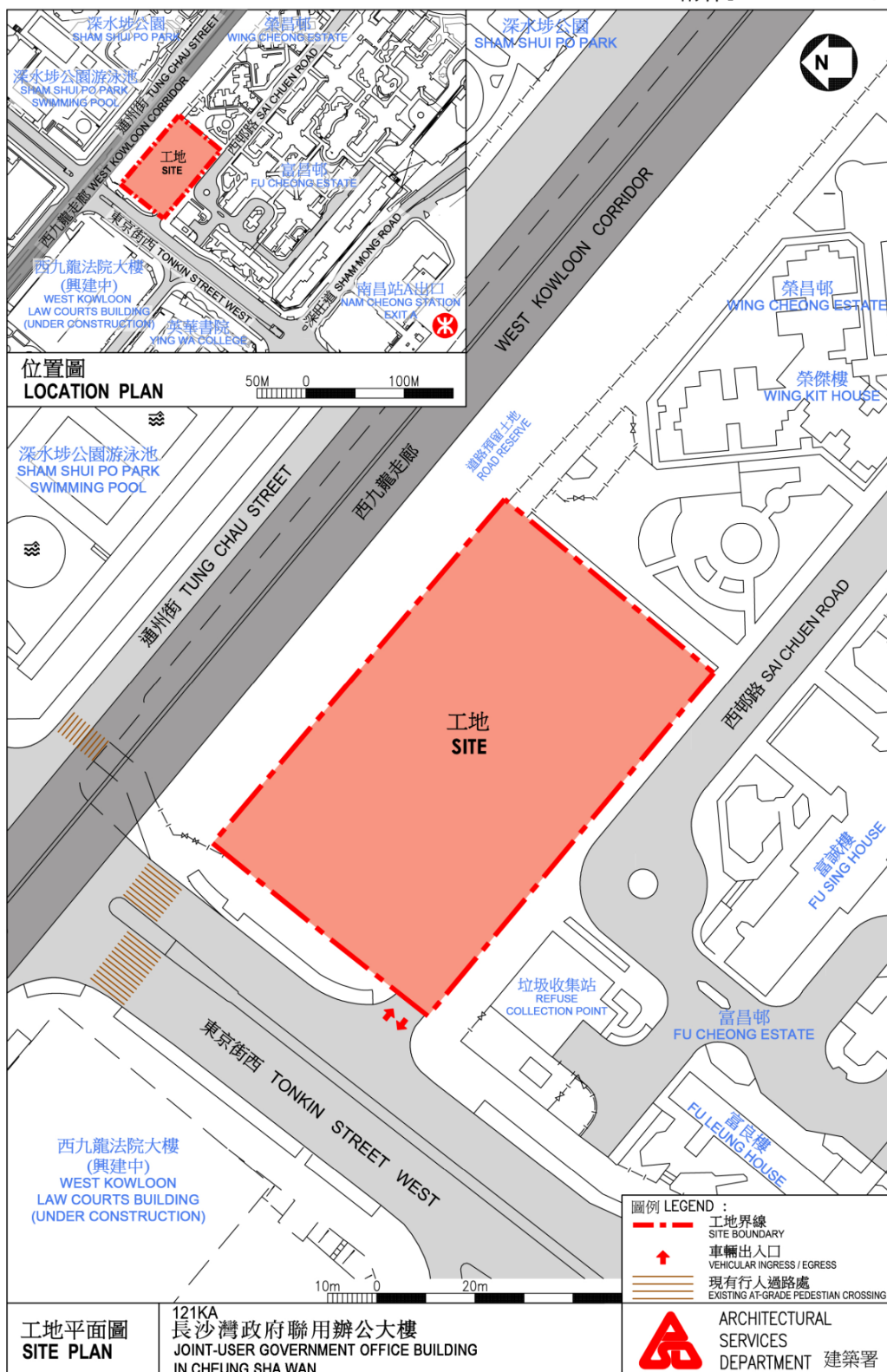
-----



# 121KA – Joint-user Government Office Building in Cheung Sha Wan

## 121KA – 長沙灣政府聯用辦公大樓

附件1 Enclosure 1



## 121KA – Joint-user Government Office Building in Cheung Sha Wan

### Breakdown of the estimates for consultants' fees (in September 2014 prices)

<b>Consultants' staff costs</b> <sup>(Note 1)</sup>		<b>Estimate d man- months</b>	<b>Averag e MPS* Salary Point</b>	<b>Multiplie r</b> <sup>(Note 2)</sup>	<b>Estimated Fee (\$ million)</b>
Consultants' fees for design and preparation of tender documents	Professional	358	38	2	51.1
	Technical	510	14	2	24.9
<b>Total</b>					<u>76.0</u>

\* MPS = Master Pay Scale

### Notes

1. The actual man-months and fees will only be known after the consultants have been selected.
2. A multiplier of 2.0 is applied to the average MPS salary point to estimate the full staff costs including the consultants' overheads and profit as the staff will be employed in the consultants' office (As at now, MPS salary point 38 = \$71,385 per month and MPS salary point 14 = \$24,380 per month).