

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

18QW – Revitalisation Scheme – Revitalisation of the Bridges Street Market into Hong Kong News-Expo

Members are invited to recommend to the Finance Committee the upgrading of **18QW** to Category A at an estimated cost of \$85.3 million in money-of-the-day prices.

PROBLEM

We need to revitalise the Bridges Street Market (BSM) in Central under the Revitalising Historic Buildings Through Partnership Scheme (the Revitalisation Scheme).

PROPOSAL

2. The Commissioner for Heritage, with the support of the Secretary for Development and on the advice of the Director of Architectural Services, proposes to upgrade **18QW** to Category A at an estimated cost of \$85.3 million in money-of-the-day (MOD) prices for the selected non-profit-making organisation (NPO), the Journalism Education Foundation Hong Kong Limited (JEF), to carry out the works to convert the BSM into an education and visitor centre to be named as “Hong Kong News-Expo”.

/PROJECT

PROJECT SCOPE AND NATURE

3. The proposed scope of works comprises the restoration and revitalisation of the BSM for accommodating the following facilities –

- (a) two themed display areas;
- (b) a periodic display area;
- (c) a historic display area;
- (d) a multi-purpose room;
- (e) a meeting area for journalists;
- (f) a bookstore;
- (g) six experiential studios;
- (h) a reception;
- (i) two office areas;
- (j) a store room;
- (k) a new staircase from the BSM to Wing Lee Street;
- (l) a new link bridge (with lift) connecting Wing Lee Street and Shing Wong Street;
- (m) a planter and reinstatement of the existing staircase at Shing Wong Street upon demolition of a refuse collection point (RCP) nearby; and
- (n) upgrading of three existing link bridges from the BSM to Wing Lee Street and Shing Wong Street¹.

/4.

¹ The upgrading works involve concrete repair and enhancement of structural support frame of the three existing link bridges.

4. The site plan, photos of the existing BSM, artist's impressions, floor plans and elevations of the proposed Hong Kong News-Expo are at Enclosures 1 to 5 respectively. Subject to funding approval of the Finance Committee (FC), the works are tentatively scheduled to start in the first quarter of 2016 for completion in the second quarter of 2017. The Hong Kong News-Expo is expected to commence operation in the fourth quarter of 2017. In the interest of time, the project proponent plans to invite tender for the project in November 2015, and the tender will only be awarded upon obtaining FC's funding approval.

JUSTIFICATION

5. The BSM, with a site area of 606 square metres (m²) is located at No. 2 Bridges Street, Central, Hong Kong. It was built after World War II to replace the old markets which had been destroyed during the Japanese occupation. It had served the community since 1953 until it was vacated in 2013. Part of the existing BSM falls within the former site of the American Congregational Mission Preaching Hall where Dr Sun Yat-sen was baptised in 1883.

6. The BSM is a three-storey building comprising a market area, an indoor playground, two link bridges connecting to Wing Lee Street and one connecting to Shing Wong Street, and a small penthouse on the second floor as accommodation for caretakers and coolies. The penthouse was later used as rest room and administration office of the market. The condition of the building has been deteriorating and the building requires maintenance from time to time. The RCP, constructed along Shing Wong Street in 1987, is not part of the market building. Part of the then existing staircase of Shing Wong Street was demolished to make way for the construction of the RCP. In recognition of its historical significance and architectural merit, the Antiquities Advisory Board (AAB) accorded a Grade 3 status to the BSM in 2011.

/7.

7. The proposed Hong Kong News-Expo will be a news-theme based education and visitor centre for providing media education programmes or activities, experiential studios, lectures and workshops to promote public understanding of the news media operation. Media education programmes or activities will be organised for youths from different backgrounds to enhance their understanding of the operation of the news media and develop their analytical and reflective understanding of news reports. JEF has set up a special-purpose company named Hong Kong News-Expo Ltd. (HKNE Ltd.)² for implementation as well as future day-to-day operation of the revitalised project. The HKNE Ltd. will organise programmes including guided tour of the exhibits, interactive games at the experiential studios and discussion. Weekly lectures and workshops on the media will also be held by veteran journalists. The revitalisation project will generate the following benefits –

- (a) the project will become a landmark in Central, appealing to visitors from all over the world. The project will tell the success story of Hong Kong's evolution from a fishing village to an international financial centre. The public will be able to visit the building free-of-charge. HKNE Ltd. will coordinate with travel agencies and operators of other heritage sites in the district for organising heritage trail;
- (b) through participating in its media education programmes and various activities, students and young people will be able to better understand Hong Kong's development and pillars of success;
- (c) the project will serve as an exchange platform for both local and overseas journalists, providing an opportunity for overseas journalists to appreciate the development and core values of Hong Kong; and
- (d) the adjoining RCP will be demolished for reinstatement as street steps so as to remove local obstruction for uphill vista of Shing Wong Street leading up to the Mid-levels and unveil the side elevation of the market building which is in international modernist style.

/8.

² Successful applicants under the Revitalisation Scheme are required to set up special-purpose companies (SPCs) which also possess charitable status under section 88 of the Inland Revenue Ordinance (Cap. 112) for the sole purpose of the projects. The purpose of requiring applicants to set up SPCs to implement the revitalisation projects is to facilitate financial monitoring by the Government, in particular to facilitate the Government in detecting any attempt of the successful applicants in siphoning off funds intended for or arising from the projects to serve non-project related purposes.

8. HKNE Ltd. will undertake the preservation and revitalisation works with a capital grant proposed in this submission. During the tenancy period³, HKNE Ltd. is required to fund the operating cost of the Hong Kong News-Expo with the revenue generated from the services to be provided at the premises. Where justified, the Government may provide a one-off grant to meet the starting cost and/or deficits of the project in the first two years of operation at a ceiling of \$5 million. The project is expected to become self-sustainable after the first two years of operation. Any operating surplus will be ploughed back to support the operation of the Hong Kong News-Expo.

FINANCIAL IMPLICATIONS

9. We estimate the capital cost of the project to be \$85.3 million in MOD prices (please see paragraph 12 below), broken down as follows –

	\$ million
(a) Demolition and site clearance	3.4
(b) Foundation	1.7
(c) Building works	24.0
(d) Building services	10.9
(e) Drainage	0.6
(f) External works and landscaping	6.0
(g) Slope works ⁴	1.2
(h) Energy conservation, green and recycled features	0.7
(i) Furniture and equipment	16.7

/(j)

³ The tenancy period is of initial term of three years, plus a further renewal term (if applicable). The Government will review the performance of the SPC and other factors prevailing at the time to decide whether the tenancy agreement will be renewed. The Government reserves the right not to renew the tenancy agreement upon its expiry.

⁴ It involves the construction of a new retaining wall as part of the reinstatement of existing staircase at Shing Wong Street mentioned in paragraph 3(m).

		\$ million	
(j)	Consultants' fees for	3.4	
	(i) contract administration	3.3	
	(ii) management of resident site staff (RSS)	0.1	
(k)	Remuneration of RSS	1.8	
(l)	Contingencies	7.0	
	Sub-total	77.4	(in September 2015 prices)
(m)	Provision for price adjustment	7.9	
	Total	85.3	(in MOD prices)

10. HKNE Ltd. will engage consultants to undertake contract administration, management of RSS and site supervision of the project. A detailed breakdown of the estimates of the consultants' fees and RSS costs by man-months is at Enclosure 6.

11. The total construction floor area (CFA) of the project is 1 080 m². The estimated construction unit cost, represented by the building and building services costs, is about \$32,315 per m² of CFA in September 2015 prices. We consider the unit cost reasonable as the works involve the preservation and adaptive reuse of a historic building which was built after World War II and is now in a dilapidated condition. The works would also allow the building to comply with modern-day requirements under the Buildings Ordinance (Cap. 123) and heritage conservation requirements of the Antiquities and Monuments Office (AMO) of the Leisure and Cultural Services Department as well as licensing requirements, and has made allowance for construction difficulties anticipated for this site.

/12.

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

Year	\$ million (Sept 2015)	Price adjustment factor	\$ million (MOD)
2016 – 17	38.3	1.05875	40.6
2017 – 18	29.6	1.12228	33.2
2018 – 19	6.9	1.18961	8.2
2019 – 20	2.6	1.26099	3.3
	77.4		85.3

13. We have derived the MOD estimate on the basis of Government's latest set of assumptions on the trend rate of change in the prices of the public sector building and construction output for the period from 2016 to 2020. HKNE Ltd. will award the contract on a lump-sum basis because the scope of works can be clearly defined in advance. The contract will provide for price adjustments.

14. HKNE Ltd. is responsible for the future maintenance of the historic building and all the facilities within the site at its own cost during the tenancy period. The maintenance of the structural elements of the historic building⁵ and undisturbed slope will be borne by the Government. We estimate that the annual recurrent expenditure for the maintenance works to be borne by the Government upon completion of the project will be \$75,000 during the tenancy period.

PUBLIC CONSULTATION

15. The Culture, Leisure and Social Affairs Committee of the Central and Western District Council was consulted on the proposed revitalisation project on 18 September 2014. Members were generally supportive of the project.

16. We consulted the Legislative Council (LegCo) Panel on Development on 3 December 2014. Members generally supported the project.

⁵ The structural elements include structural walls, columns, beams and slabs.

/ENVIRONMENTAL

ENVIRONMENTAL IMPLICATIONS

17. The project is not a designated project under the Environmental Impact Assessment Ordinance (Cap. 499). It will not cause any long-term adverse environmental impact. HKNE Ltd. has included about \$0.1 million in the project estimate to implement suitable mitigation measures to control short-term environmental impacts.

18. During construction, HKNE Ltd. will control noise, dust and site run-off nuisances to within established standards and guidelines through the implementation of mitigation measures in the relevant contract. 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 to prevent dust nuisance.

19. At the planning and design stages, HKNE Ltd. has considered measures to reduce the generation of construction waste where possible. These measures include the use of metal site hoardings and signboards, and retention of the existing structures and materials. In addition, HKNE Ltd. will require the contractor to reuse inert construction waste (e.g. excavated soil for backfilling) on site or in other suitable construction sites as far as possible, in order to minimise the disposal of inert construction waste at public fill reception facilities⁶. HKNE Ltd. will encourage the contractor to maximise the use of recycled or recyclable inert construction waste, and the use of non-timber formwork to further reduce the generation of construction waste.

20. At the construction stage, HKNE Ltd. will require the contractor to submit for approval a plan setting out the waste management measures, which will include appropriate mitigation means to avoid, reduce, reuse and recycle inert construction waste. HKNE Ltd. will ensure that the day-to-day operations on site comply with the approved plan. HKNE Ltd. will also require the contractor to separate the inert portion from non-inert construction waste on site for disposal at appropriate facilities. HKNE Ltd. will control the disposal of inert construction waste and non-inert construction waste at public fill reception facilities and landfills respectively through a trip-ticket system.

/21.

⁶ Public fill reception facilities are specified in Schedule 4 of the Waste Disposal (Charges for Disposal of Construction Waste) Regulation. Disposal of inert construction waste in public fill reception facilities requires a licence issued by the Director of Civil Engineering and Development.

21. HKNE Ltd. estimates that the project will generate in total 248 tonnes of construction waste. Of these, HKNE Ltd. will reuse 70 tonnes (28.2%) of the inert construction waste on site and deliver 148 tonnes (59.7%) of inert construction waste to public fill reception facilities for subsequent reuse. HKNE Ltd. will dispose of the remaining 30 tonnes (12.1%) of non-inert construction waste at landfills. The total cost for accommodating construction waste at public fill reception facilities and landfill sites is estimated to be \$7,746 for this project based on a unit charge rate of \$27 per tonne for disposal at public fill reception facilities and \$125 per tonne at landfills as stipulated in the Waste Disposal (Charges for Disposal of Construction Waste) Regulation.

ENERGY CONSERVATION, GREEN AND RECYCLED FEATURES

22. This project has adopted various forms of energy efficient features, including –

- (a) high coefficient of performance variable refrigerant volume air-conditioning system; and
- (b) heat recovery fresh air pre-conditioners in the air-conditioned space for heat energy reclaim of exhaust air.

23. For greening features, HKNE Ltd. will provide a planter area on Shing Wong Street, a green roof and vertical greening at the water tank on the roof for environmental and amenity benefits.

24. The total estimated additional cost for adoption of the above features is around \$0.7 million (including \$0.4 million for energy efficient features), which has been included in the cost estimate for this project. The energy efficient features will achieve 2.9% energy savings in the annual energy consumption with a payback period of about 12 years.

/HERITAGE

HERITAGE IMPLICATIONS

25. As required under the prevailing requirements, this project is subject to a Heritage Impact Assessment (HIA). The HIA report, in the form of a Conservation Management Plan, was considered by the AMO, which had no objection to the report. HKNE Ltd. also consulted the AAB on the HIA report for this project at its meeting on 16 September 2014 and members were generally supportive of the findings of the HIA. HKNE Ltd. will ensure that the construction works, future maintenance and interpretation of the site history will comply with the mitigation measures, recommendations and requirements stipulated in the HIA report. In case of any subsequent amendment to the scheme or the detailed design, HKNE Ltd. will further consult the AMO and the AAB as necessary to formulate additional mitigation measures to ensure that any possible impact on the heritage site is acceptable from the heritage conservation perspective.

LAND ACQUISITION

26. The project does not require any land acquisition.

BACKGROUND INFORMATION

27. We upgraded **18QW** to Category B in September 2013.

28. HKNE Ltd. engaged architectural and quantity surveying consultants to carry out the pre-construction consultancies (including architectural service, heritage conservation, town planning, structural and geotechnical engineering, building services, landscape architectural and quantity surveying services and preparation of tender documentation) and minor site investigation works for the project. The total cost of the above works is about \$5.3 million (in MOD prices). We have charged this amount to **21QW** “Revitalisation Scheme – Revitalisation of the BSM into Hong Kong News-Expo – pre-contract consultancy and minor investigation works” which was upgraded to Category A in July 2013. The detailed design and site investigation works have been completed.

/29.

29. Details of the Revitalisation Scheme were set out in LegCo Paper No. CB(2)637/07-08(03), which was discussed by the LegCo Panel on Home Affairs on 2 January 2008. The Scheme aims to achieve the dual objectives of preserving historic buildings and making these buildings available for public use. As provided for under the Revitalisation Scheme, the Government will meet the cost of the revitalisation works via a capital subvention under the Capital Works Reserve Fund. In October 2011, we invited NPOs with charitable status under Section 88 of the Inland Revenue Ordinance (Cap. 112) to apply for adaptive re-use of selected government-owned historic buildings in the form of social enterprise under the Revitalisation Scheme. The selection of NPO for each project followed a vigorous and competitive process and was carried out upon the advice of the Advisory Committee on Revitalisation of Historic Buildings which comprises experts from various fields.

30. The project will not involve removal of trees.

31. We estimate that the proposed works will create about 69 jobs (comprising seven professional/technical staff and 62 labourers), providing a total employment of 850 man-months.

32. In June 2015, we submitted PWSC(2015-16)40 which invited Members to recommend to the FC the upgrading of **18QW** to Category A. The paper was not discussed by the PWSC during the 2014-15 legislative session. This paper supersedes PWSC(2015-16)40 to update the programme, phasing of expenditure and estimated cost. With a view to reducing the visual impact of the south elevation of the BSM, HKNE Ltd. has refined the design of the new staircase. Enclosures 1 and 3 to 5 are updated to reflect the design changes. There is no cost implication arising from the design changes.

Development Bureau
October 2015

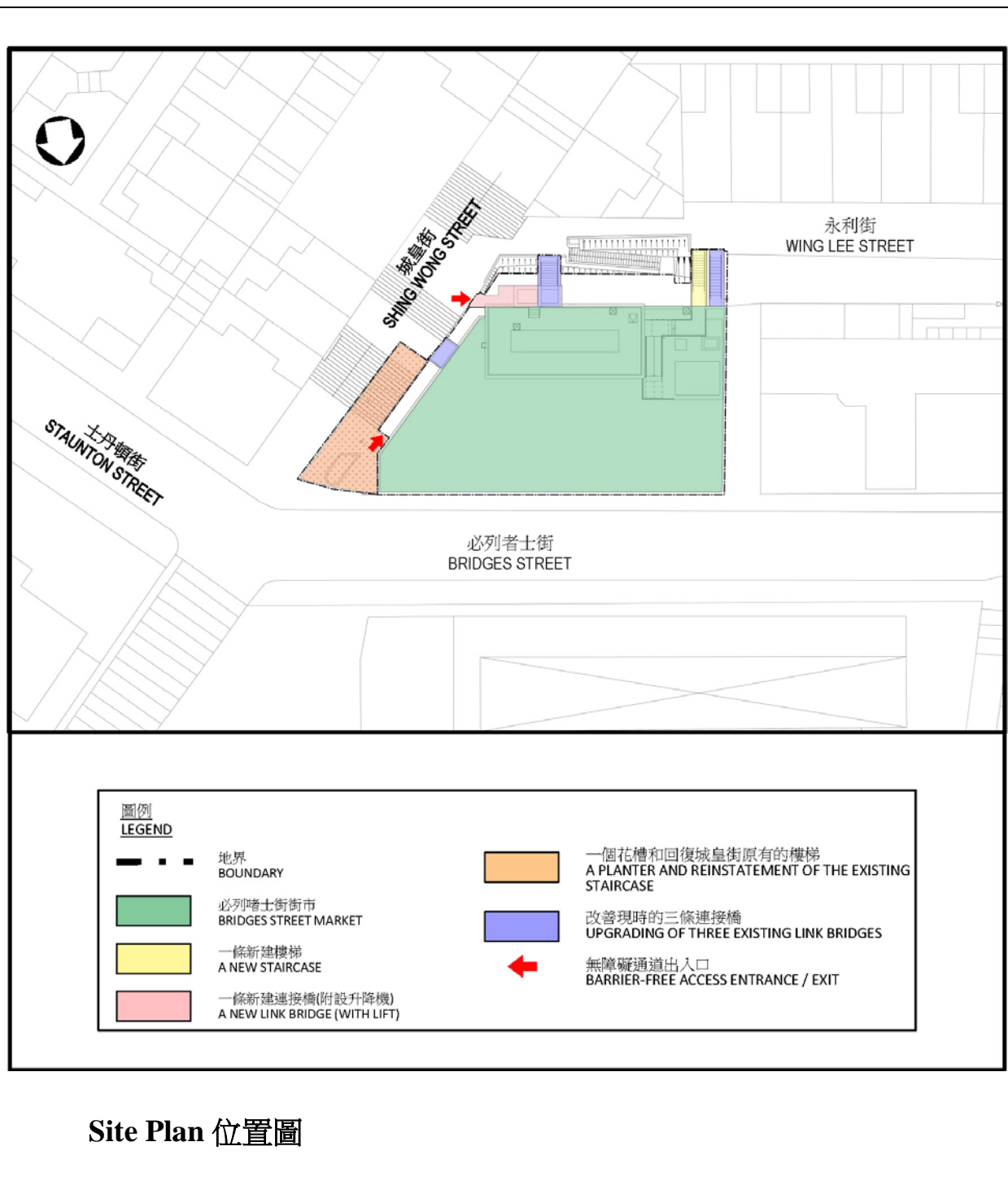




Photo of existing Bridges Street Market
必列啫士街街市現貌

18QW - Revitalisation Scheme - Revitalisation of the Bridges Street Market into Hong Kong News-Expo

18QW - 活化計劃 - 活化必列啫士街街市為香港新聞博覽館



Photo of existing Bridges Street Market
必列啫士街街市現貌

18QW - Revitalisation Scheme - Revitalisation of the Bridges Street Market into Hong Kong News-Expo

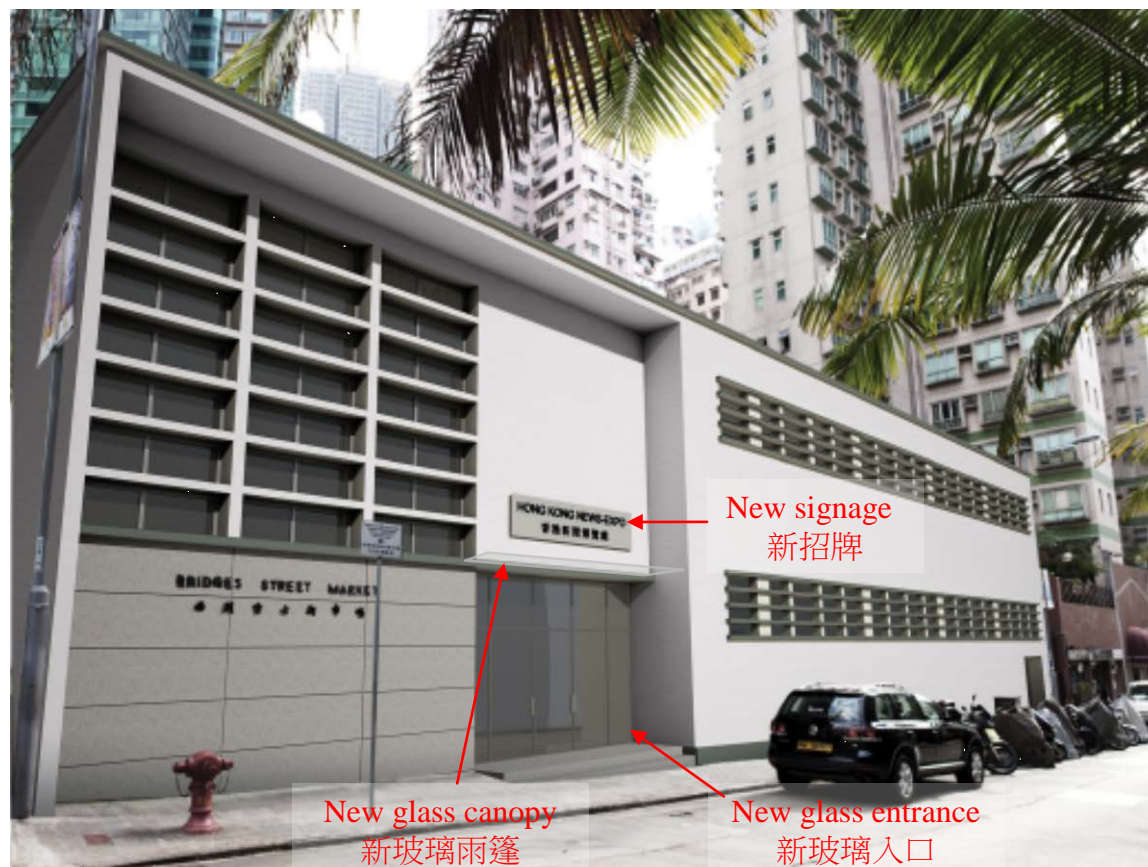
18QW - 活化計劃 - 活化必列啫士街街市為香港新聞博覽館



Photo of existing Bridges Street Market
必列啫士街街市現貌

18QW - Revitalisation Scheme - Revitalisation of the Bridges Street Market into Hong Kong News-Expo

18QW - 活化計劃 - 活化必列啫士街街市為香港新聞博覽館



Artist's Impression of Proposed Hong Kong News-Expo
香港新聞博覽館的模擬圖片

18QW - Revitalisation Scheme - Revitalisation of the Bridges Street Market into Hong Kong News-Expo
18QW - 活化計劃 - 活化必列啫士街街市為香港新聞博覽館



Artist's Impression of Proposed Hong Kong News-Expo
香港新聞博覽館的模擬圖片

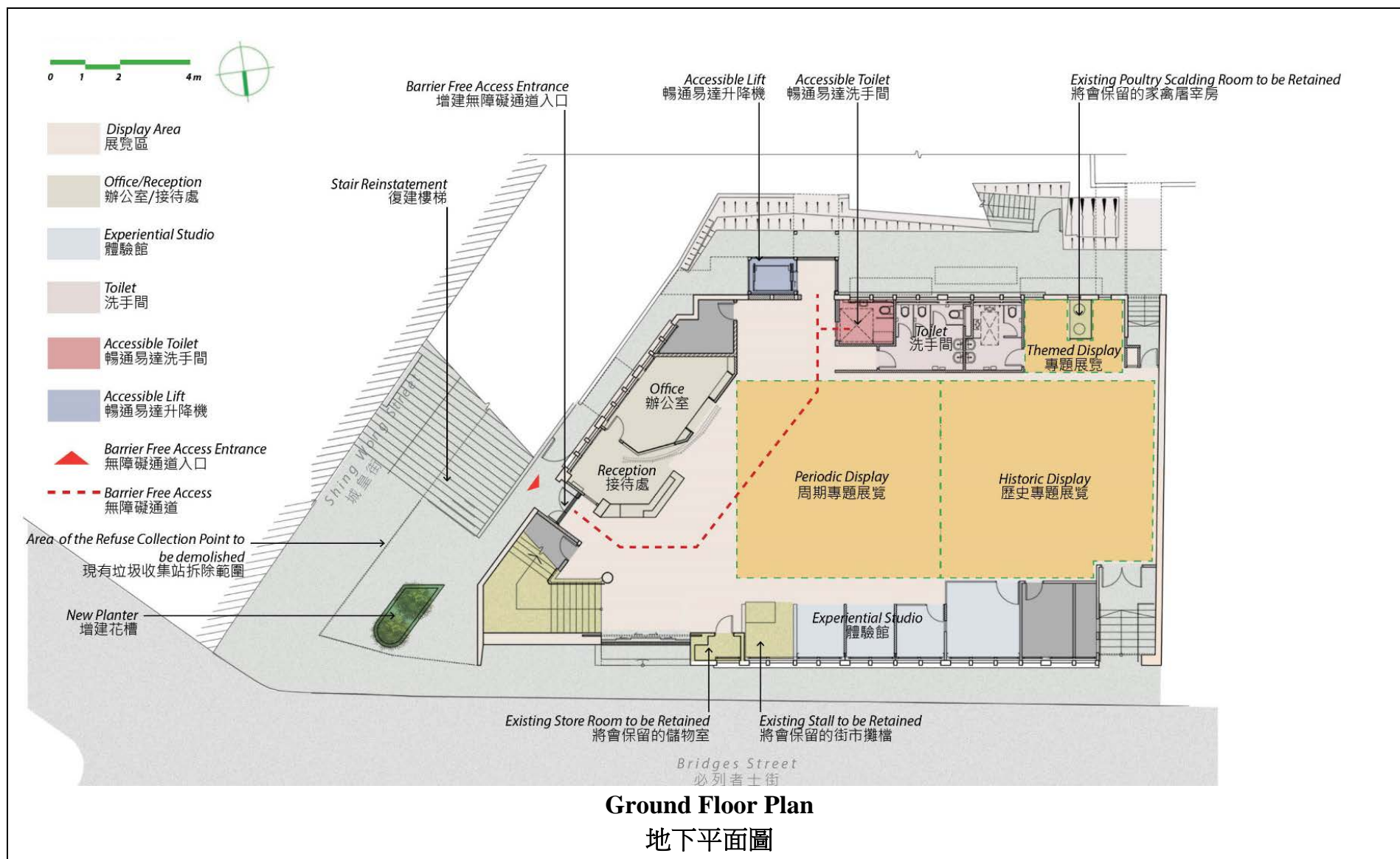
18QW - Revitalisation Scheme - Revitalisation of the Bridges Street Market into Hong Kong News-Expo

18QW - 活化計劃 - 活化必列啫士街街市為香港新聞博覽館



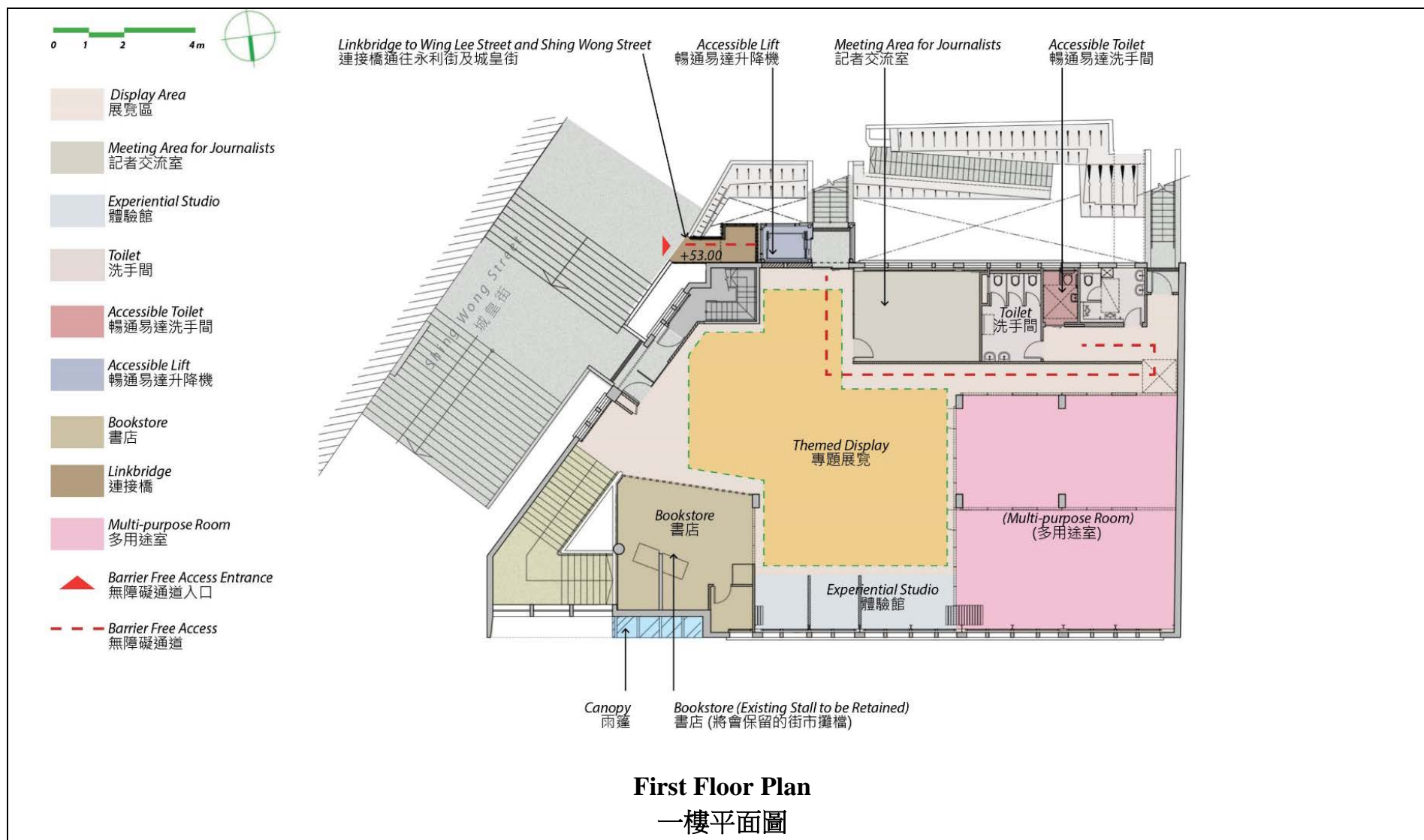
New link bridge (with lift) connecting Wing Lee Street and Shing Wong Street
新建連接橋(附設升降機)·連接永利街及城皇街

Artist's Impression of Proposed Hong Kong News-Expo
香港新聞博覽館的模擬圖片



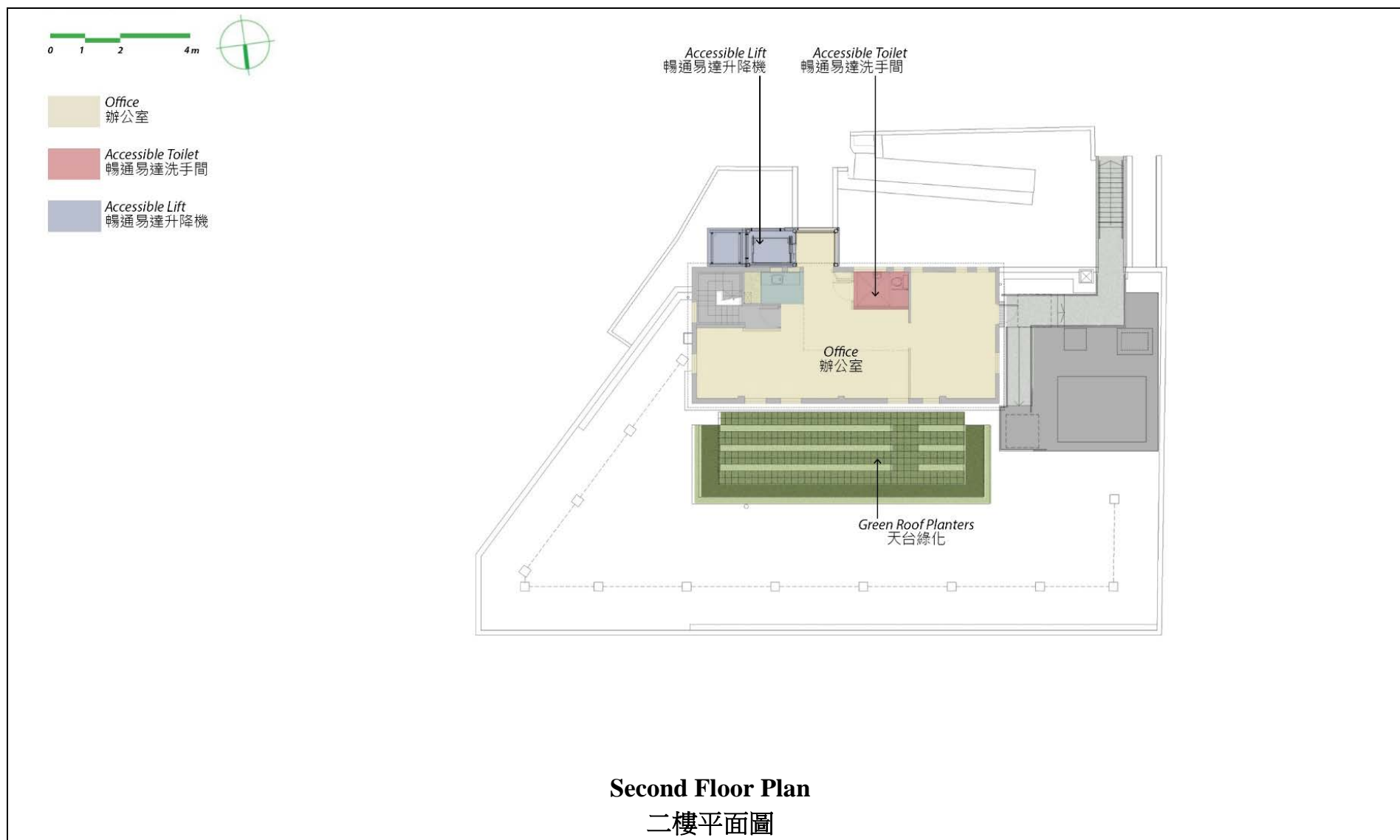
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18QW - Revitalisation Scheme - Revitalisation of the Bridges Street Market into Hong Kong News-Expo

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18QW - Revitalisation Scheme - Revitalisation of the Bridges Street Market into Hong Kong News-Expo

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North Elevation
北面立面圖

18QW - Revitalisation Scheme - Revitalisation of the Bridges Street Market into Hong Kong News-Expo

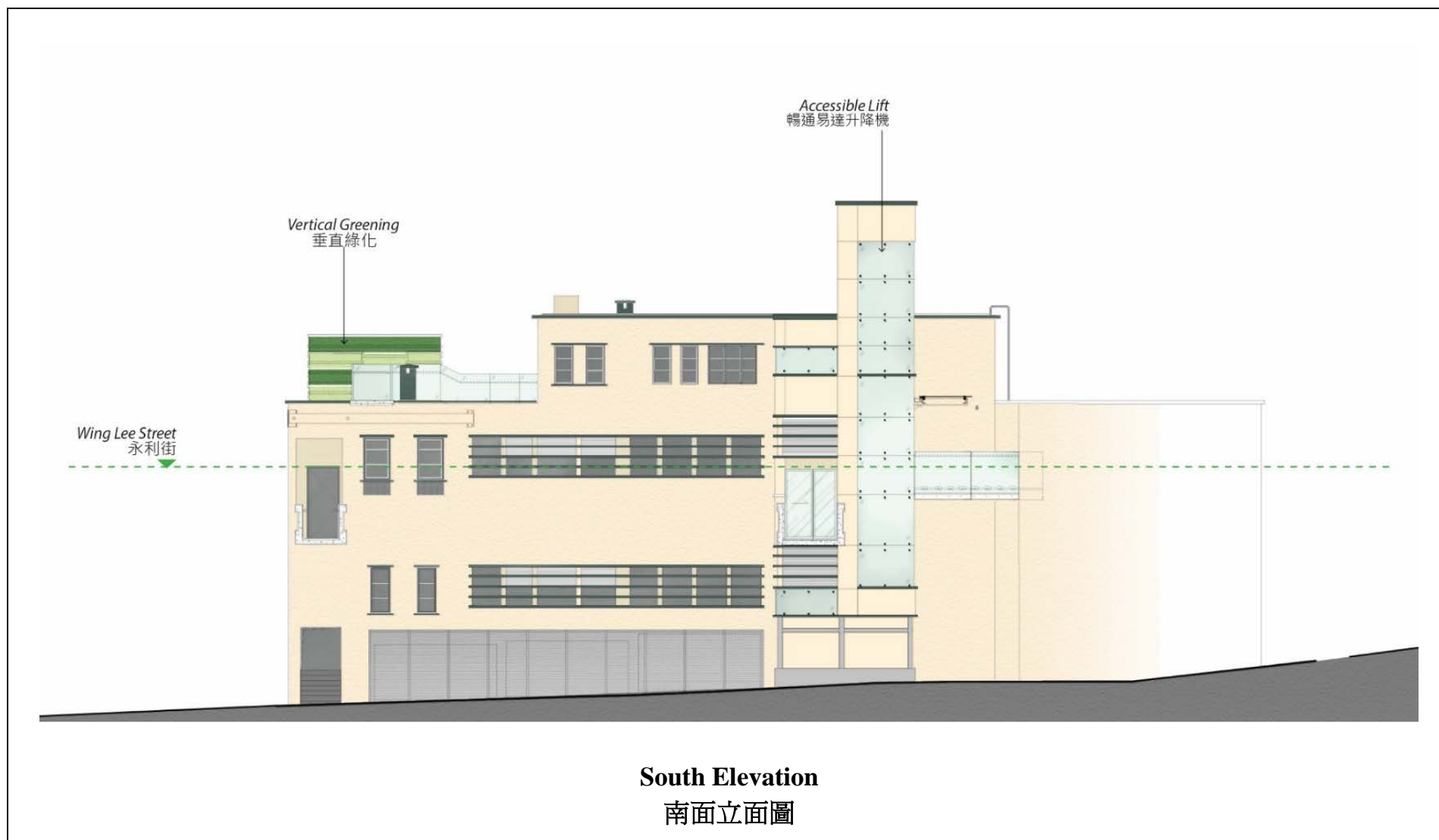
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Southeast Elevation
東南面立面圖

18QW - Revitalisation Scheme - Revitalisation of the Bridges Street Market into Hong Kong News-Expo

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18QW - Revitalisation Scheme - Revitalisation of the Bridges Street Market into Hong Kong News-Expo

18QW - 活化計劃 - 活化必列啫士街街市為香港新聞博覽館

Enclosure 6 to PWSC(2015-16)47

18QW – Revitalisation Scheme - Revitalisation of the Bridges Street Market into Hong Kong News-Expo

Breakdown of estimates for consultants' fees and resident site staff costs (in September 2015 prices)

		Estimated man-months	Average MPS* Salary Point	Multiplier (Note 1)	Estimated Fees (\$ million)
(a)	Consultants' fees for contract administration ^(Note 2)	22	38	2.0	3.3
				Sub-total	3.3
(b)	Resident site staff (RSS) costs ^(Note 3)	0.5	38	2.0	0.1
		45	14	1.6	1.8
				Sub-total	1.9
	Comprising –				
(i)	Consultants' fees for management of RSS			0.1	
(ii)	Remuneration of RSS			1.8	
				Total	5.2

* MPS = Master Pay Scale

Notes

1. A multiplier of 2.0 is applied to the average MPS salary point to estimate the full staff costs including the consultants' overheads and profits, as the staff will be employed in the consultants' offices. A multiplier of 1.6 is applied to the average MPS salary point to estimate the cost of RSS supplied by the consultants (as at now, MPS salary point 38 = \$74,210 per month, MPS salary point 14 = \$25,505 per month).
2. The consultants' fees for contract administration are calculated in accordance with the existing consultancy agreements of **21QW**. The construction phase of the assignment will only be executed subject to FC's funding approval to upgrade the project to Category A.
3. The figures on estimates are prepared by the HKNE Ltd. and agreed by the Commissioner for Heritage. The Director of Architectural Services has examined the figures and considered them acceptable. The actual man-months and actual costs will only be known after completion of the construction works.