

## **ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE**

### **HEAD 711 – HOUSING**

#### **Civil Engineering – Land Development**

#### **722CL – Demolition and ground decontamination works for development at North West Kowloon Reclamation Site 1, Sham Shui Po**

Members are invited to recommend to the Finance Committee –

- (a) the upgrading of part of **722CL**, entitled “Demolition and ground decontamination works for development at North West Kowloon Reclamation Site 1, Sham Shui Po – Phase 1”, to Category A at an estimated cost of \$108.4 million in money-of-the-day prices; and
- (b) the retention of the remainder of **722CL** in Category B.

### **PROBLEM**

We need to demolish the existing buildings and structures and carry out the ground decontamination works to provide a cleared site for the subsequent proposed Phase 1 public housing development at the North West Kowloon Reclamation (NWKR) Site 1, which is at the junction of Lai Chi Kok Road and Tonkin Street in Sham Shui Po.

## PROPOSAL

2. The Director of Civil Engineering and Development, with the support of the Secretary for Transport and Housing, proposes to upgrade part of **722CL** to Category A, at an estimated cost of \$108.4 million in money-of-the-day (MOD) prices for the demolition and ground decontamination works.

## PROJECT SCOPE AND NATURE

3. The part of **722CL** which we propose to upgrade to Category A comprises –

- (a) demolition of the existing buildings and structures of the ex-Cheung Sha Wan Abattoir (ex-CSWA); and
- (b) ground decontamination works for remediation of contaminated soil.

—— A location plan and site plan of the proposed works are at Enclosure 1.

4. Subject to the funding approval of the Finance Committee within this legislative session, we plan to commence the proposed works in the fourth quarter of 2016 for completion in the first quarter of 2018.

5. We will retain the remainder of **722CL** in Category B, which covers the demolition and ground decontamination works for the remaining areas at NWKR Site 1. The implementation of the remainder would dovetail with the programme of the proposed Phase 2 public housing development<sup>1</sup>.

/JUSTIFICATION .....

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<sup>1</sup> Phase 2 public housing development at NWKR Site 1 covers the area currently occupied by Cheung Sha Wan Wholesale Vegetable Market (CSWWVM), Premium Vegetable Packaging Centre (PVPC) and loading / unloading area.

The Government has identified a potential site at Tat Yeung Road, Lai Chi Kok, Kowloon that could be considered for reprovisioning the CSWWVM. The Food and Health Bureau (FHB) and the Agriculture, Fisheries and Conservation Department (AFCD) have since been working diligently with other relevant Bureaux and Departments to assess the feasibility of relocating the CSWWVM to the Tat Yeung Road site, including the conduct of various technical studies. If it is not possible to relocate the existing facility on the above proposed replacement site, FHB and AFCD stand ready to explore the suitability of other alternative sites identified by the relevant Bureau and Department.

## JUSTIFICATION

6. The ex-CSWA comprises buildings of up to five storeys with a total floor area of about 35 000 square metres. It was commissioned in 1969 and ceased operation in late 1990s, and should be demolished due to its dilapidated condition. Upon completion of the proposed works, the cleared site of about 2.5 hectares will be handed over to the Hong Kong Housing Authority for the proposed Phase 1 public housing development. Timely completion of the proposed works is necessary to tie in with the scheduled commencement of the proposed Phase 1 public housing development which will provide about 2 400 flats for a population of about 6 400, planned to be completed in early 2022.

7. Site investigations have revealed a small quantity of about 95 cubic metres (m<sup>3</sup>) of asbestos-containing materials (ACM) in some facilities at the ex-CSWA such as switchboxes, insulation material of boilers and chalkboards. In addition, about 200 m<sup>3</sup> of underground soil at four isolated locations of the proposed site is found to be contaminated with arsenic, antimony and/or lead at about three to four metres below the ground level as shown at Enclosure 1. It is therefore necessary to carry out the abatement and disposal of ACM as well as to remediate the contaminated soil in a timely manner to provide a cleared site suitable for the proposed Phase 1 public housing development.

## FINANCIAL IMPLICATIONS

8. We estimate the capital cost of the proposed works to be \$108.4 million in MOD prices (please see paragraph 10 below), broken down as follows –

		<b>\$ million</b>
(a)	Demolition of existing buildings and structures of the ex-CSWA	69.7
(b)	Remediation of soil contaminated with metals	1.6
(c)	Environmental mitigation measures	4.4

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		\$ million	
(d)	Consultants' fee for	2.5	
	(i) contract administration	2.1	
	(ii) management of resident site staff (RSS)	0.4	
(e)	Remuneration of RSS	7.9	
(f)	Contingencies	<u>8.6</u>	
	Sub-total	94.7	(in September 2015 prices)
(g)	Provision for price adjustment	<u>13.7</u>	
	Total	<u>108.4</u>	(in MOD prices)

9. In view of insufficient in-house resources, we propose to engage consultants to undertake the contract administration and site supervision for the proposed works. A breakdown of the estimates for consultants' fees and RSS costs by man-months is at Enclosure 2.

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

Year	\$ million (Sept 2015)	Price adjustment factor	\$ million (MOD)
2016 – 2017	2.8	1.05775	3.0
2017 – 2018	68.2	1.12122	76.5
2018 – 2019	14.2	1.18849	16.9
2019 – 2020	9.5	1.25980	12.0
	<u>94.7</u>		<u>108.4</u>

11. 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 2016 to 2020. Subject to funding approval, we will deliver the works under a lump sum contract because the scope of the works can be clearly defined. The contract will provide for price adjustments.

12. The proposed works will not give rise to any recurrent expenditure.

## **PUBLIC CONSULTATION**

13. We consulted the Sham Shui Po District Council on the proposed works on 2 February 2016. Members supported the proposal.

14. We consulted the Legislative Council Panel on Housing on the proposed works on 12 April 2016. Members supported submitting the funding proposal to Public Works Subcommittee for consideration. Some Panel Members requested for supplementary information with regard to (i) the relocation plan of the Cheung Sha Wan Wholesale Vegetable Market and the Premium Vegetable Packaging Centre and (ii) the details in respect of the ACM and the metals that contaminated underground soil. The supplementary information requested by Panel Members is provided under footnote 1 and paragraph 7 above respectively. Besides, Members requested the Government's plan, if any, on relocation of other wholesale food markets in west Kowloon. We have advised the relevant Department of this request for follow-up.

## **ENVIRONMENTAL IMPLICATIONS**

15. This is not a designated project under the Environmental Impact Assessment Ordinance (Cap. 499). We have completed the Preliminary Environmental Review (PER) for the project. The PER has concluded and the Director of Environmental Protection agreed that the project would not have any long-term adverse environmental impacts.

16. We have conducted a contamination assessment for the site. We estimate that about 200 m<sup>3</sup> of contaminated soil will require treatment by cement solidification method prior to backfilling on site. We have included in paragraph 8(b) above a sum of \$1.6 million (in September 2015 prices) in the project estimates to implement the remediation works for the contaminated soil.

17. We have also conducted an Asbestos Investigation Report (AIR) and Asbestos Abatement Plan (AAP) for the site, which were agreed by the Director of Environmental Protection. As the AIR identified some ACM, we will remove and dispose of the ACM in accordance with the AAP and the requirements stipulated under the Air Pollution Control Ordinance (Cap. 311) and the Waste Disposal Ordinance (Cap. 354)<sup>2</sup>.

18. During the proposed works, we will control noise, dust and site run-off nuisances to within established standards and guidelines through implementation of mitigation measures in the relevant contract. These measures mainly include the use of quieter equipment, silencers, mufflers, movable noise barriers or enclosures, regular cleaning and watering of the works sites, and the provision of wheel-washing facilities to minimize dust generation. We will also undertake appropriate testing and precautionary measures for removal and disposal of the ACM, as well as soil remediation. We have included in paragraph 8(c) above a sum of \$4.4 million (in September 2015 prices) in the project estimates to implement suitable mitigation measures to control short-term environmental impacts.

19. At the planning and design stages, we have considered the construction method of the proposed works to reduce the generation of construction waste where possible. In addition, we will require the contractor to reuse inert construction waste (e.g. excavated soil and rock fill) 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 facilities<sup>3</sup> (PFRF). We 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.

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<sup>2</sup> ACM to be disposed of are classified as chemical waste, which will be disposed of at the designated site at the West New Territories Landfill.

<sup>3</sup> Public fill reception facilities are specified in Schedule 4 of the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Cap. 354N). Disposal of inert construction waste in public fill reception facilities requires a licence issued by the Director of Civil Engineering and Development.

20. At the construction stage, we 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. We will ensure that the day-to-day operations on site comply with the approved plan. We will require the contractor to separate the inert portion from the non-inert construction waste on site for disposal at appropriate facilities. We will control the disposal of inert construction waste and non-inert construction waste at PFRF and landfills respectively through a trip-ticket system.

21. We estimate that the proposed works will generate in total 99 400 tonnes of construction and demolition materials. Of these, we will reuse 34 500 tonnes (34.7%) inert construction waste on site and deliver 62 500 tonnes (62.9%) of inert construction waste to PFRF for subsequent reuse. We will dispose of the remaining 2 400 tonnes (2.4%) of non-inert construction waste at landfills. The total cost for accommodating construction waste at PFRF and landfill sites is estimated to be \$2.0 million for this project (based on a unit charge rate of \$27 per tonne for disposal at PFRF, and \$125 per tonne for disposal at landfills as stipulated in the Waste Disposal (Charge for Disposal of Construction Waste) Regulation (Cap. 354N)).

## **TRAFFIC IMPLICATIONS**

22. The proposed works will not cause any significant traffic impact. Temporary traffic arrangements will be implemented to facilitate the proposed works. During the construction period, we will implement appropriate control measures on construction vehicles to minimise traffic impact on the neighbouring roads and also the remaining areas still in operation at NWKR Site 1.

## **HERITAGE IMPLICATIONS**

23. The proposed works will not affect any heritage sites, i.e. all declared monuments, proposed monuments, graded historic sites or buildings, sites of archaeological interest and government historic sites identified by the Antiquities and Monuments Office.

## **LAND ACQUISITION**

24. The proposed works do not require any land acquisition.

## BACKGROUND INFORMATION

25. We upgraded **722CL** to Category B in September 2006.

26. We engaged consultants in January 2015 to undertake the investigation and design for the proposed works at an estimated cost of about \$3.9 million under the block allocation **Subhead B100HX** “Minor housing development related works, studies and investigations for items in Category D of the Public Works Programme”. The design and site investigation for the proposed works mentioned in paragraph 3 above have been substantially completed.

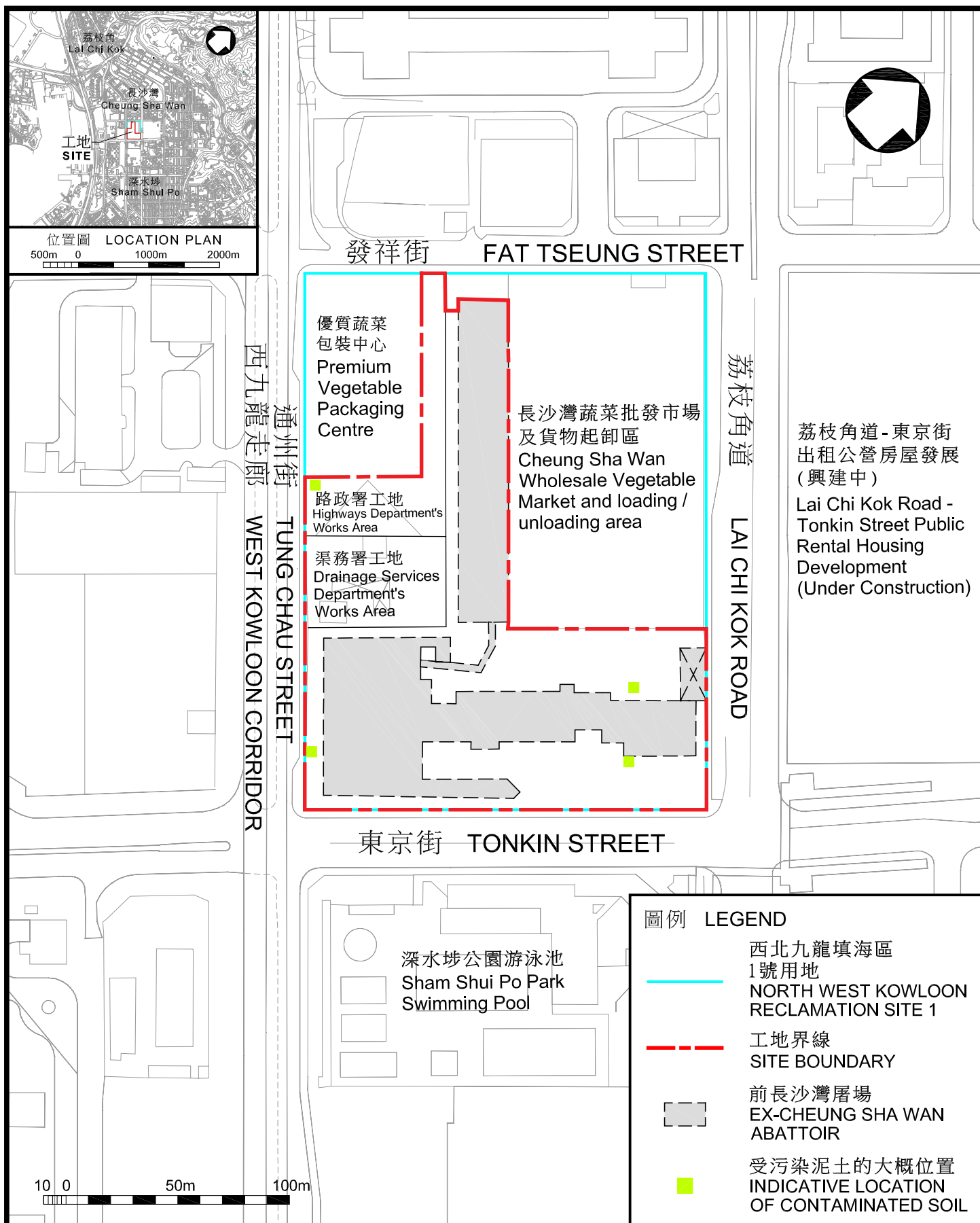
27. The proposed works will not involve any tree removal or planting proposal.

28. We estimate that the proposed works will create about 100 jobs (80 for labourers and another 20 for professional or technical staff) providing a total employment of 1 400 man-months.

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Transport and Housing Bureau  
May 2016





工務計劃項目編號 722CL (部分)  
深水埗西北九龍填海區1號用地發展的拆卸及  
土地淨化工程 - 第一期  
PWP ITEM NO. 722CL (PART)  
DEMOLITION AND GROUND DECONTAMINATION WORKS FOR  
DEVELOPMENT AT NORTH WEST KOWLOON RECLAMATION  
SITE 1, SHAM SHUI PO - PHASE 1

工地平面圖  
SITE PLAN

**722CL (Part) – Demolition and ground decontamination works for development at North West Kowloon Reclamation Site 1, Sham Shui Po – Phase 1**

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

		<b>Estimated man-months</b>	<b>Average MPS* salary point</b>	<b>Multiplier (Note 1)</b>	<b>Estimated fee (\$ million)</b>
(a) Consultants' fees for contract administration (Note 2)	Professional	-	-	-	1.6
	Technical	-	-	-	0.5
				Sub-total	2.1
(b) Resident site staff (RSS) costs (Note 3)	Professional	37	38	1.6	4.4
	Technical	96	14	1.6	3.9
				Sub-total	8.3
Comprising –					
(i)	Consultants' fees for management of RSS				0.4
(ii)	Remuneration of RSS				7.9
<b>Total</b>					<b>10.4</b>

\* MPS = Master Pay Scale

**Notes**

1. 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 and MPS salary point 14 = \$25,505 per month).
2. The consultants' staff cost for contract administration is calculated in accordance with the existing consultancy agreement for the design and construction of Phase 1 of **722CL**. The construction phase of the assignment will only be executed subject to Finance Committee's approval to upgrade part of **722CL** to Category A.
3. The actual man-months and actual costs will only be known after completion of the construction works.