

**For discussion  
on 22 July 1998**

**PWSC(98-99)9**

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

**HEAD 708 - CAPITAL SUBVENTIONS AND MAJOR SYSTEMS  
AND  
EQUIPMENT**

**University  
City University of Hong Kong  
13EJ - Student hostel, phase 1 (806 places)**

Members are invited to recommend to Finance Committee to approve a new commitment of \$271.02 million in money-of-the-day prices for the construction of phase 1 of the student hostel project of the City University of Hong Kong.

**PROBLEM**

The City University of Hong Kong (CityU) requires hostel accommodation to meet students' demand.

**PROPOSAL**

2. The Secretary-General, University Grants Committee (SG, UGC), on the advice of the University Grants Committee (UGC) and the Director of Architectural Services (D Arch S) as UGC's Technical Adviser, and with the support of the Secretary for Education and Manpower, proposes the creation of a new commitment at an estimated total cost of \$271.02 million in money-of-the-day (MOD) prices for the construction of CityU's student hostel, phase 1 (806 places).

**/Adjustment .....**

### Adjustment of proposed project estimates

3. Having examined CityU's proposal, in consultation with D Arch S, SG, UGC has adjusted the project estimate proposed by CityU to arrive at the project estimate set out in paragraph 2 above. A comparison of the project estimate proposed by CityU and the estimate recommended by the UGC is at Enclosure 1.

### PROJECT SCOPE AND NATURE

4. The project is for the detailed design and construction of 806 hostel places as phase 1 of CityU's student hostel project at the Cornwall Street site.

### JUSTIFICATION

5. CityU currently has no student hostels. In line with Government's promulgated policy to provide publicly-funded student hostels at UGC-funded institutions, we have agreed to provide CityU with 2 730 publicly-funded hostel places. These places will be provided in three phases - 806 in phase 1, 1 400 in phase 2 and 524 in phase 3. Phase 3 of CityU's student hostel project will also provide 130 wholly privately-funded hostel places.

6. With an allocation of \$4.7 million from the block allocation Subhead **8100EX** of the Capital Works Reserve Fund, CityU has completed the site investigation and preliminary design work for phase 1 of its student hostel project. It now proposes to proceed with the detailed design and construction.

### FINANCIAL IMPLICATIONS

7. SG, UGC, on the advice of D Arch S, recommends approval of the project at a cost of \$271.02 million in MOD prices made up as follows -

	<b>\$ million</b>
(a) Site and area development	84.48

/(b) .....

(b) Building works	105.67	
(c) Building services works	35.85	
(d) Consultants' fees	27.10	
(e) Furniture and equipment	17.69	
(f) Contingencies	27.08	
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Sub-total	297.87	(at December 1997 prices)
(g) Inflation allowance	69.76	
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Total	367.63	(in MOD prices)
(h) Less contribution by CityU (at 25% of the total project cost)	91.91	
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Sub-total	275.72	(in MOD prices)
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(i) Less site investigation and preliminary design cost funded from block allocation <b>8100EX</b>	4.70	(in MOD prices)
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Total	271.02	(in MOD prices)
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8. The construction floor area of this project is 14 579 square metres. The construction unit cost, represented by building and building services costs, is \$9,707 per square metre at December 1997 prices. We consider this construction unit cost reasonable having compared with similar student hostels in other UGC-funded institutions. A breakdown by man months of the cost estimates for consultants' fees is at Enclosure 2.

9. The UGC-funded institutions are required to operate student hostels on a self-financing basis through charges levied on hostel places.

10. Subject to Members' approval, CityU will phase the expenditure of the project as follows -

Year	\$ million (Dec 1997)	Price adjustment factor	\$ million (MOD)
1998 - 99	31.15	1.06000	33.02
1999 - 00	74.34	1.14878	85.40
2000 - 01	93.76	1.24642	116.86
2001 - 02	88.37	1.35237	119.51
2002 - 03	5.55	1.46732	8.14
	293.17		362.93

11. We derived the MOD estimate on the basis of the Government's forecast of trend labour and construction prices for the period 1998 to 2003. Upon completion of the detailed design work, CityU will tender the works under a fixed price lump sum contract as the scope of works will be clearly defined, leaving little room for uncertainty. Following approval of funding, CityU plans to commence the site formation and construction works as soon as practicable, in any case not later than October 1998. The works will take some 37 months from start to finish. We aim to complete the construction works by October 2001.

## **PUBLIC CONSULTATION**

12. We consulted the UGC on the capital proposals submitted by the eight UGC-funded institutions in April 1997. The UGC recommended to fund this project starting from 1998-99.

## **ENVIRONMENTAL IMPLICATIONS**

13. We completed a Preliminary Environmental Review (PER) of the project in November 1997. The PER concluded and the Director of Environmental Protection agreed that there would be no long-term environmental impacts from the proposed student hostel. No Environmental Impact Assessment study would be required.

14. For short-term impact during construction, CityU will control noise, dust and site run-off nuisances to within established standards and guidelines through the implementation of appropriate mitigation measures in the relevant contracts.

## **LAND ACQUISITION**

15. The project does not require land acquisition.

## **BACKGROUND INFORMATION**

16. In December 1996, the Government promulgated a new policy for the provision of publicly-funded student hostel places at UGC-funded institutions. It represents Government's efforts to enhance the quality of university education by fostering hostel life which will sharpen students' communication skills, nurture their leadership quality, encourage independent thinking and promote participation in community affairs. Under this policy, all undergraduates will have the opportunity to stay in hostels for at least one year and all research postgraduates, non-local students and those undergraduates whose daily travelling time exceeds four hours will be provided with hostel places.

17. Under existing procedures, UGC-funded institutions submit capital works proposals to the UGC annually. The UGC examines all these proposals carefully, with professional advice provided by D Arch S who acts as UGC's Technical Adviser. The UGC refers to the Government those proposals it supports.

## Enclosure 1 to PWSC(98-99)9

### A comparison of the project estimate requested by CityU with the estimate recommended by UGC

<b>Project</b>	<b>Amount proposed by the University (at December 97 prices) (\$ million)</b>	<b>Amount recommended by UGC (at December 97 prices) (\$ million)</b>	<b>Amount of reduction (\$ million)</b>
CityU - Student hostel, phase 1 (806 places)	299.57	297.87	1.70

#### Notes

The net reduction of \$1.70 million is the result of the following adjustments -

- (a) reduction in the gross construction floor area from 14 740 square metres to 14 579 square metres on the advice of D Arch S (\$1.43 million);
- (b) downward adjustment of the consultants' fees (\$0.19 million);
- (c) downward adjustment of contingencies (\$0.14 million); and
- (d) upward adjustment of the provision for furniture and equipment (an increase of \$0.06 million for the PABX installation).

(JJ237)

**Enclosure 2 to PWSC(98-99)9**

**City University of Hong Kong  
13EJ - Student hostel, phase 1 (806 places)**

**Breakdown of estimates for consultant's fees**

<b>Consultants' staff costs</b>			<b>Estimated man-months</b>	<b>Average MPS* salary point</b>	<b>Multiplier factor</b>	<b>Actual<sup>4</sup> &amp; Estimated fee (\$ million)</b>
(a)	Inception & feasibility studies	Professional	2.5	40	3.0	0.44
		Technical	2.5	16	3.0	0.15
(b)	Outline Schematic Design including site investigation & topographic survey	Professional	9	40	3.0	1.60
		Technical	13	16	3.0	0.77
(c)	Detailed design	Professional	13	40	3.0	2.31
		Technical	37.5	16	3.0	2.23
(d)	Preparation of tender and contract documents, and assessment of tenders	Professional	16.5	40	3.0	2.93
		Technical	95.5	16	3.0	5.69
(e)	Contract administration including account finalisation and defect rectification	Professional	28.5	46	3.0	5.06
		Technical	28.5	16	3.0	1.70
(f)	Site supervision by resident site staff	Professional	19	40	2.1	2.36
		Technical	19	16	2.1	0.79
<b>Consultants' staff costs</b>						26.03
<b>Out-of-pocket expenses</b>						_____
(a)	Printing cost					1.07
<b>Total</b>						27.10

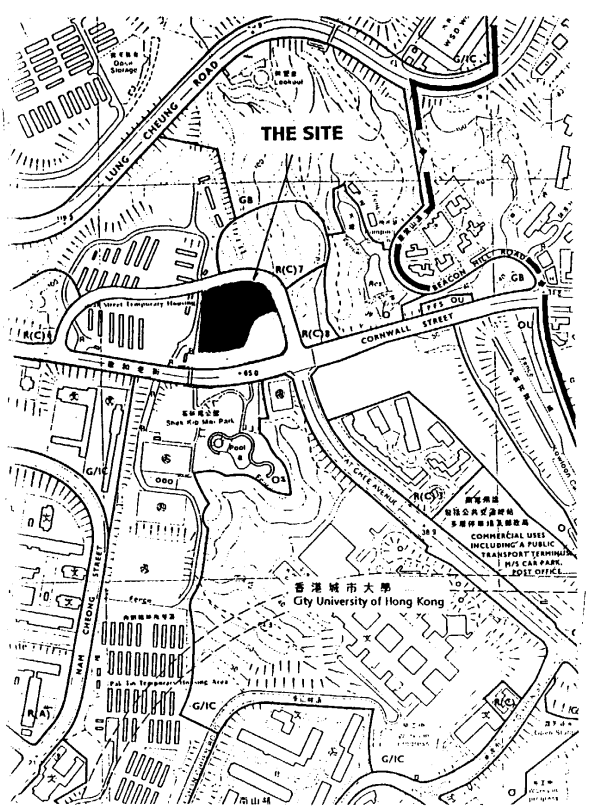
\* MPS = Master Pay Scale

**Notes**

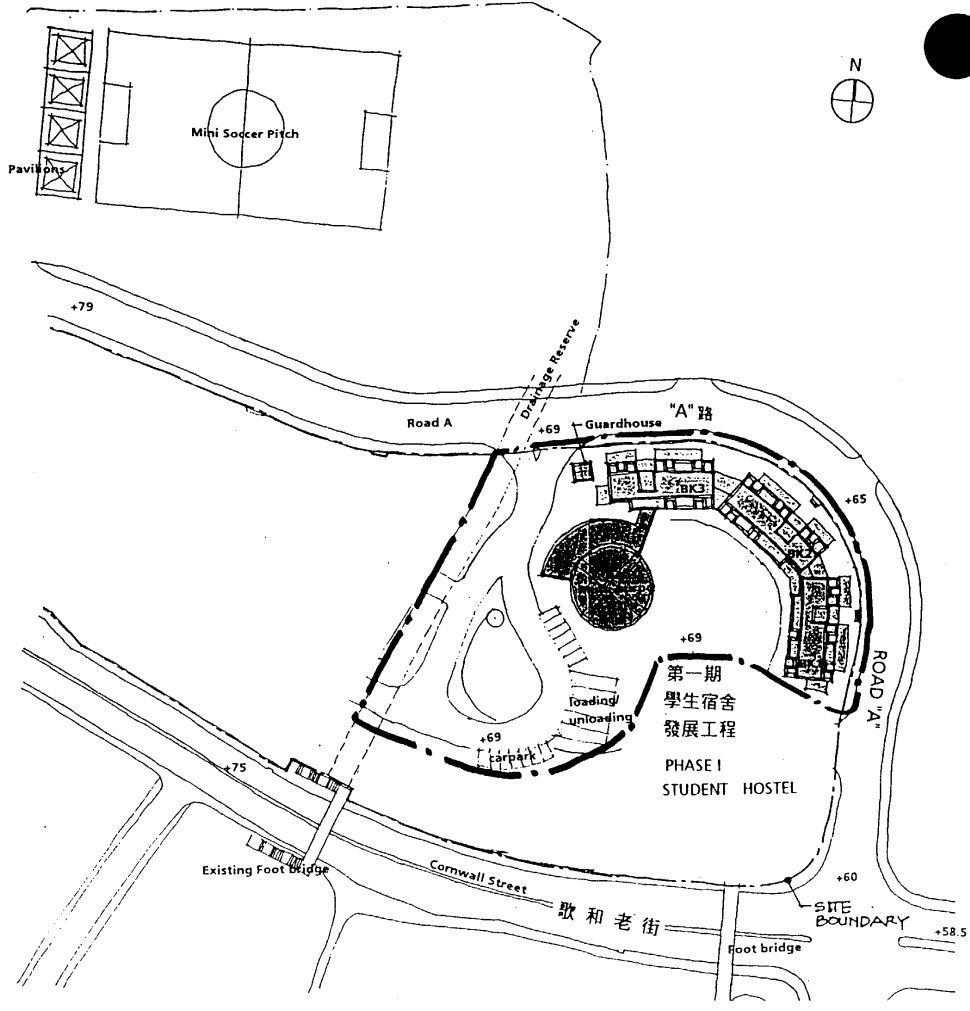
1. Regarding the staff employed in the consultant's offices, a multiplier factor of 3 is applied to the average MPS point to arrive at the full staff costs including the consultants' overheads and profit (as at 1.4.97, MPS point 40 is \$59,210 per month, and MPS point 16 is \$19,860 per month). A multiplier factor of 2.1 is applied in the case of site staff supplied by the consultants.
2. Out-of-pocket expenses are the actual costs incurred. The consultants are not entitled to any additional payment for overheads or profit in respect of these items.
3. The figures given above are based on estimates prepared by the City University of Hong Kong which have been examined by D Arch S. We will only know the actual consultants' fees when we have selected the consultant through the usual competitive technical and fee selection system.
4. The cost of items (a) and (b) of the consultants' fees are actual amounts expended under the block allocation item mentioned in paragraph 6 of the paper. They are included here to show a complete picture of the consultant's fees required for the project.

(JJ237)





位置圖 LOCATION PLAN



第一期學生宿舍發展計劃

STUDENT HOSTEL PHASE I CORNWALL STREET DEVELOPMENT PLAN

TAT CHEE AVENUE 達之路