

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 708 - CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

Universities

City University of Hong Kong

15EJ – Student hostel, phase 2 (1 401 places)

Members are invited to recommend to Finance Committee to approve a new commitment of \$355.76 million in money-of-the-day prices for phase 2 of the student hostel project of the City University of Hong Kong.

PROBLEM

The City University of Hong Kong (CityU) requires additional 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 to create a new commitment at an estimated cost of \$355.76 million in money-of-the-day (MOD) prices for the construction of CityU's student hostel, phase 2 (1 401 places).

/PROJECT

PROJECT SCOPE AND NATURE

3. The project provides for the construction of 1 401 hostel places under phase 2 of CityU's student hostel project at Cornwall Street. The project includes four blocks (three for undergraduate and one for postgraduate students) with height varying between 10 to 17 storeys and a multi-purpose hall. The project also includes the construction of an access road and a footbridge across Cornwall Street. The access road is necessary to allow vehicles to enter the student hostel site whilst the footbridge is to cater for students and the general public travelling between the main campus and student hostels across Cornwall Street. The access road and footbridge will serve the entire site for student hostels provided under phases 1 to 3. The site plan for **15EJ** is at Enclosure 1 for Members' reference. CityU plans to commence the construction works in early 2001 for completion in mid 2003.

JUSTIFICATION

4. 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. This 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. The Government will fund up to 75% of the capital cost of the approved student hostel provision, with the remainder to be met by the respective institutions using private funds.

5. CityU currently has no publicly-funded student hostels for undergraduates and postgraduates. In line with the above policy, we have agreed to provide CityU with 2 730 public-funded hostel places. These places will be provided in three phases – 806 in phase 1, 1 401 in phase 2 and 523 in phase 3. Phase 1 project, providing 806 hostel places to CityU, was approved by Finance Committee in September 1998 and is scheduled for completion in January 2002. The current proposal covers phase 2 of CityU's student hostel project.

FINANCIAL IMPLICATIONS

6. SG, UGC, on the advice of D Arch S, recommends approval of the project at a cost of \$355.76 million in MOD prices, made up as follows -

/(a)

	\$ million	
(a) Site development	54.09	
(b) Access road	5.00	
(c) Footbridge	4.80	
(d) Building works	203.30	
(e) Building services works	64.03	
(f) Consultants' fees for -	16.43 ¹	
(i) assessment of tenders	1.30	
(ii) contract administration	7.90	
(iii) site supervision	6.63	
(iv) out-of-pocket expenses	0.60	
(g) Furniture and equipment	33.42	
(h) Contingencies	38.11	
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Sub-total	419.18	(in December 1999 prices)
(i) Provision for price adjustment	55.17	
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Sub-total	474.35	(in MOD prices)
(j) Less contribution by CityU (at 25% of the total estimated project cost)	118.59	
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New commitment sought	355.76	(in MOD prices)
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¹ The consultants' fees of \$16.43 million are based on scale fees as the consultancy agreement for this project was signed in July 1998 prior to the imposition of the consultancy services competitive bidding system. The breakdown by category is based on estimated expenditure as assessed by CityU and has been examined and agreed by D Arch S.

7. The construction floor area of this project is 28 000 square metres. The construction unit cost, represented by building and building services costs, is \$9,548 per square metre in December 1999 prices. We consider this construction unit cost reasonable compared with similar student hostel projects in other UGC-funded institutions.

8. The project will have no impact on tuition fees. Following the established practice for UGC-funded institutions, CityU will operate these student hostels on a self-financing basis through charges levied on hostel places.

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

Year	\$ million (Dec 1999)	Price adjustment factor	\$ million (MOD)
2000 - 01	4.15	1.00000	4.15
2001 - 02	42.71	1.04500	44.63
2002 - 03	205.48	1.10770	227.61
2003 - 04	137.58	1.17416	161.54
2004 - 05	29.26	1.24461	36.42
	419.18		474.35

10. We derived the MOD estimate on the basis of the Government's latest forecast of trend labour and construction prices for the period 2000 to 2005. CityU will tender the works under a fixed-price lump-sum contract because the university can clearly define the scope of works in advance, leaving little room for uncertainty.

PUBLIC CONSULTATION

11. We do not consider public consultation necessary as the project is in

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line with established policy and the construction will be carried out within the campus of CityU.

ENVIRONMENTAL IMPLICATIONS

12. CityU has completed a Preliminary Environmental Review (PER) for the project in November 1997. The PER concluded and the Director of Environmental Protection agreed that there would be no long term environmental impacts with the proposed student hostel. No Environmental Impact Assessment would be required.

13. CityU will control noise, dust and site run-off nuisances during construction to comply with the established standards and ordinances through the implementation of mitigation measures in the relevant contracts. These include the use of noise suppression baffles and silencers, wheel washing facilities and dust suppression equipment as well as regular watering of the site. CityU will also provide and maintain temporary site drainage.

14. CityU estimates that about 150 000 cubic metres of fill will be delivered to public filling areas. CityU does not anticipate any demolition waste as the superstructure will be built on a green field site. The construction waste to be generated will also be limited to packaging, damaged goods, off cuts and non-reusable materials. Ways of minimising the generation of construction and waste (C&D) materials had been considered in the planning and design stage. Where practicable, CityU will reuse the fill generated from the project on site. CityU will require the contractor to submit a waste management plan for approval with appropriate mitigation measures including the allocation of an area for waste segregation and to sort the C&D materials by category on-site to facilitate reuse or recycling. CityU will ensure that the day-to-day operations on site comply with the approved plan. CityU will also require the contractor to reuse excavated materials as filling materials on site or at other sites as far as possible. To further minimise the generation of construction and demolition materials, CityU will encourage the contractor to use non-timber formwork, hoarding and other temporary works. CityU will also control the disposal of C&D materials to designated public filling facilities and/or landfills through a trip-ticket system and shall record the disposal, reuse and recycle of C&D materials for monitoring purposes.

LAND ACQUISITION

15. The project does not require land acquisition.

BACKGROUND INFORMATION

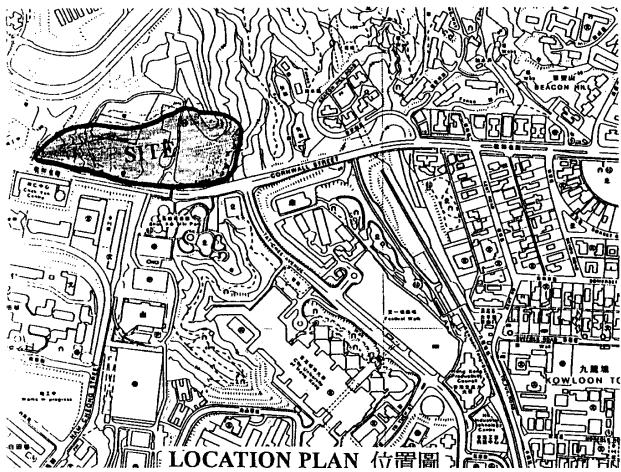
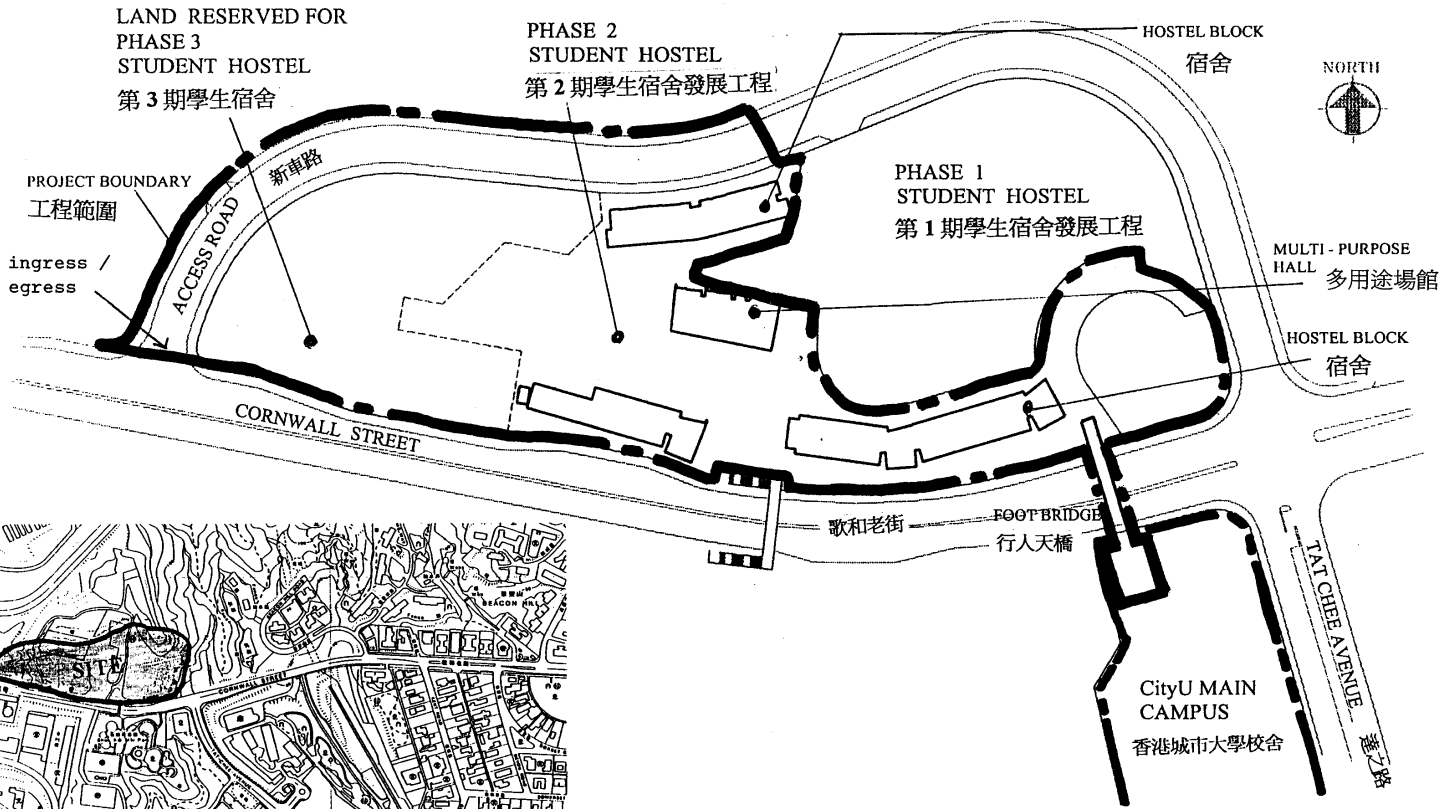
16. With an allocation of \$13.06 million from the block allocation Subhead **8100EX** of the Capital Works Reserve Fund, and \$4.35 million from its private funds, CityU has completed the site investigation, preliminary and detailed design work as well as tender documents for phase 2 of its student hostel project. CityU now proposes to proceed with the construction.

17. The Finance Committee approved in September 1998 a new commitment of \$271.02 million in MOD prices under project **13EJ** for the construction of the first phase of the CityU's student hostel project (806 places). CityU began the site formation work in June 1999 for completion in late May 2000. CityU has completed the tendering for the superstructure contract under phase 1 and will commence the construction in June 2000 for completion in January 2002.

18. Under existing procedures, UGC-funded institutions submit capital works proposals to the UGC annually. UGC examines all these proposals carefully, with professional advice provided by D Arch S who acts as UGC's Technical Adviser. UGC refers those proposals it supports to the Government. Having examined CityU's proposal, SG, UGC has, in consultation with D Arch S, 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 the CityU and the estimate recommended by the UGC is at Enclosure 2.

19. We estimate that the proposed works for **15EJ** will create about 160 jobs with a total of 5 700 man months, comprising 20 professional staff, 30 technical staff and 110 labourers during the construction period.

Education and Manpower Bureau
May 2000



15EJ - STUDENT HOSTEL, PHASE 2 (1401 PLACES)
學生宿舍第2期 (1401個宿位)

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

Project	Amount proposed by the CityU (at December 1999 prices) (\$ million)	Amount recommended by UGC (at December 1999 prices) (\$ million)	Amount of reduction (\$ million)
CityU – Student hostel, phase 2 (1 401 places)	422.13	419.18	2.95

Notes -

The reduction of \$2.95 million is a result of the following adjustments -

- a. downward adjustment of building cost (\$2.19 million);
- b. corresponding downward adjustment of professional fees (\$220,000);
- c. corresponding downward adjustment of furniture and equipment cost (\$270,000); and
- d. corresponding downward adjustment of contingencies (\$270,000).