

Legislative Council Panel on Housing

645TH – Sai Sha Road widening between Kam Ying Road and Trunk Road T7 junction

PURPOSE

This paper briefs Member on the proposal to increase the approved project estimate (APE) of **645TH** by \$8.9 million, from \$122.5 million to \$131.4 million in money-of-the-day (MOD) prices, to cover the additional costs of the works under the project.

PROJECT SCOPE AND NATURE

2. The project involved the widening of the section of Sai Sha Road (SSR) between its junction with the Trunk Road T7 (currently named as Ma On Shan Bypass) and Kam Ying Road to cope with the traffic demand arising from residential developments in Ma On Shan. In February 2002, we upgraded **645TH** to Category A with an APE of \$110.5 million in MOD prices. The approved scope of **645TH** comprises –

- (a) the widening of 650 metres (m) of SSR between its junction with the Trunk Road T7 and Kam Ying Road from a single two-lane to a dual two-lane carriageway;
- (b) the construction of a roundabout at the junction of SSR and Sha On Street;
- (c) the construction of a 100 m access road from SSR to Whitehead with associated footpaths;
- (d) the construction of 2 covered footbridges and 2 pedestrian/cyclist subways;
- (e) the modification of the existing junction of SSR and Kam Ying Road, including the addition of a ramp and a staircase to an existing pedestrian subway barrel across SSR;

- (f) the erection of some 890 m of noise barriers, including about 350 m of vertical barriers ranging from 3 to 5 m high and about 540 m of cantilever barriers about 6 m high along SSR; and
- (g) the associated electrical and mechanical, geotechnical, landscaping, lighting and drainage works.

— A layout plan is at **Enclosure**.

3. Since Finance Committee (FC)'s approval in February 2002, the APE for **645TH** has been increased by \$12 million, from \$110.5 million to \$122.5 million in MOD prices, under delegated authority from the FC to cover higher-than-expected tendered prices for the main contract and increase in provisions for price adjustment during the project period. We propose to further increase the APE of **645TH** by \$8.9 million, from \$122.5 million to \$131.4 million. FC's approval is required as the total increase in APE already approved under delegated authority, together with the proposed increase of \$8.9 million, exceeds the delegated amount of \$15 million. The justifications for the proposed increase in the APE are set out in the following paragraphs.

JUSTIFICATIONS

4. We incurred additional costs of \$13.5 million in relation to –
- (a) a claim by the SSR project construction contractor for implementing a revised temporary traffic arrangement (TTA) scheme (\$8.2 million);
 - (b) miscellaneous claims arising from minor variations to works (\$3.1 million);
 - (c) modifications of drainage works (\$1.9 million); and
 - (d) increased provision in price adjustment for the remaining noise barrier works (\$0.3 million).

When the project was under construction, our cost assessment showed that there was sufficient balance in the APE to cover the then estimated costs of the claims and modifications. As the latest cost assessment for the claims and modifications is significantly higher than that of the original assessment and the APE is expected to be exceeded as a result, approval from Public Works Subcommittee (PWSC) / FC for increasing the APE of the project is required. Details of the claims and modifications and the cost offsetting items are set out in paragraph 5 to 11.

(a) Claim arising from revisions to the TTA scheme

5. To facilitate the completion of the SSR project, the SSR contractor was obliged to carry out the TTA pursuant to certain contract requirements. Variations to the TTA scheme became necessary as a result of the unexpected developments as follows —

- (i) the SSR project was carried out in a cramped site, which overlaps with and abutting those of the Ma On Shan (MOS) Rail and Trunk Road T7 projects. Noting the complex interface between these three projects in the early planning stage, the TTA scheme for the SSR project was developed in consultation with different parties concerned, including the Transport Department (TD) and the Hong Kong Police Force (HKPF), as well as the then Kowloon Canton Railway Corporation (KCRC) and the then Territory Development Department (TDD), who were the project managers of the MOS Rail project and the Trunk Road T7 project respectively. Details of the TTA were incorporated into the contract for the SSR widening project. During construction, the TTA schemes for these three projects were adjusted from time to time to suit the prevailing traffic conditions and actual staging of works, and to address comments and suggestions from members of the public including the then Sha Tin Provisional District Board. Such adjustments to the three TTA schemes had significant knock-on effects on each another because of the close proximity of the project sites, and in turn made it unexpectedly difficult to implement the original TTA scheme under the SSR project.

- (ii) An interdepartmental Traffic Arrangement Management Group¹ (TAMG) was formed to oversee the construction contractor's implementation of the TTA scheme for the SSR project. In October 2002, the TAMG noted the provision of an exclusive emergency traffic lane under the MOS Rail project, which commenced works in advance of the SSR project. The lane was considered very effective in providing emergency relief in case of accidents on SSR, which was the only link between Sha Tin and Sai Kung. The TAMG therefore decided to provide a similar exclusive lane under the SSR project.
- (iii) As a result of the above developments, the TTA scheme for the SSR project had to be substantially revised. The opportunity was also taken to incorporate a suggestion from the owners' committee of a nearby residential plot for a right turning movement from the SSR eastbound to and from Sha On Street to minimise detouring, which was raised after the works for the SSR project had commenced.

As a result of implementing the revised TTA scheme, we assessed that the contractor should be entitled to claim a maximum of \$8.2 million. Having obtained legal advice and considered further substantiations provided by the contractor between mid-2005 and end-2009, the amount of the TTA-related claim was finalised and agreed with the contractor on a non-committal basis in end-2009. We will settle the amount with the contractor subject to Members' views and the approval of PWSC / FC to increase the APE.

(b) Claims arising from minor variations to works

6. There were a number of minor variations to the works ordered during the construction period to cover additional works including perimeter fences and pedestrian facilities to enhance the safety of pedestrian, road works for the nearby Wu Kai Sha Village, directional signs, electrical and mechanical works, landscaping works, etc. These variations had led to about 30 claims submitted by the contractor, which have been settled at a total cost of \$3.1 million.

¹ The TAMG for the SSR widening contract was formed upon commencement of the SSR widening contract and was responsible for vetting and approving all TTAs proposed by the SSR widening contractor prior to implementation. The TAMG comprised traffic authorities including HKPF and TD, as well as representatives from Highways Department, Home Affairs Department, the then TDD, the then KCRC and contractors of the interfacing Trunk Road T7 and MOS Rail projects.

(c) Modification of drainage works

7. Due to the changes in the project programme of the MOS Rail project which affected one of the sites needed for the SSR project, drainage works under the SSR project were modified. As a result, additional drainage works costing \$1.9 million were instructed to realign the drains to bypass the parts of the site affected, so that the SSR project could be completed in a timely manner.

(d) Increased provision in price adjustment for the remaining noise barrier works

8. With the exception of about 100 m out of a total of 890 m of noise barrier works mentioned in paragraph 2(f) above, all the works under the approved scope of **645TH** were substantially completed in June 2005. The outstanding 100 m of noise barriers aims to mitigate the traffic noise impact of SSR to a planned residential plot at Lok Wo Sha (Sha Tin Town Lot No. 502). While they were included in the main contract of **645TH**, after the Administration's review on the implementation programme of noise barrier works not immediately required in 2003², the works for the 100 m of noise barriers was temporarily put on hold as there was no firm development programme for the plot at that time.

9. In September 2009, the development plan for the plot was firmed up after the relevant land exchange transaction was completed. Population intake for the plot is now scheduled for October 2012. The construction of the remaining 100 m of noise barrier works will commence in mid-2011 for completion in mid-2012.

10. The original project estimate for the remaining noise barrier works was prepared in 2001. Taking into account prevailing market prices and the recent trend of price fluctuation, we consider that there is a need to allow an additional cost of \$0.3 million in the project estimate to cover the increase in construction material price over the years.

² It has been the Administration's policy to adopt timely implementation of noise mitigation measures so as to tie in with development needs of the affected areas. The policy was discussed at the joint meeting of the Panel on Environmental Affairs and Panel on Transport of the Legislative Council on 23 January 2003.

Offset by savings under the project

11. The increase in cost due to reasons explained in paragraphs 4 to 10 above is partly offset by the following -

- (a) drawdown of \$3.6 million from contingencies, while retaining \$0.4 million in contingencies to cater for any unforeseen additional costs related to the construction of the remaining 100 m noise barrier;
- (b) with the exception of about 100 m out of a total of 890 m of noise barrier works mentioned in paragraph 2(f) above, all the works under the approved scope of **645TH** were substantially completed in June 2005. The contract price fluctuation payments for the works already completed were \$0.3 million less than the expected payment. As such, \$0.3 million may be released for offsetting purposes; and
- (c) for the footbridges and subways under paragraph 2(d), there was a slight reduction in the actual quantities of works, resulting in a saving of \$0.7 million against the estimated total cost of \$40.4 million for such works.

OVERALL REVIEW

12. Following a review of the financial position of the project, we consider it necessary to increase the APE for **645TH** by \$8.9 million, from \$122.5 million to \$131.4 million in MOD prices to cover the additional cost under the project. A breakdown of the proposed increase of \$8.9 million is as follows –

		Proposed increased amount/ savings in MOD prices (\$ million)	% of the total increased amount/ savings
Increase due to –			%
(a)	claims on TTA and minor variations, and modification to drainage works	13.2	97.8%
(b)	provision for price adjustment for remaining noise barrier works	0.3	2.2%
(c)	Total increase (c = a + b)	13.5	100%
Partly offset by –			
(d)	drawdown from contingencies and less-than-expected contract price fluctuation payments	3.9	84.8%
(e)	saving from footbridge and subway works	0.7	15.2%
(f)	Total drawdowns (f = d + e)	4.6	100%
(g)	Proposed increase (g = c – f)	8.9	

FINANCIAL IMPLICATIONS

13. Subject to approval, we will revise the phasing of expenditure as follows –

Year	\$ million (MOD)
Up to 31 March 2010	119.2 ³
2010 – 2011	8.2
2011 – 2012	2.7
2012 – 2013	0.9
2013 – 2014	0.4
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	131.4
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PUBLIC CONSULTATION

14. The proposed increase in the APE does not involve any change in the approved scope of works. We consider that further consultation is not necessary.

ENVIRONMENTAL IMPLICATIONS

15. The proposed increase in the APE does not have any environmental implications.

HERITAGE IMPLICATIONS

16. The proposed increase in the APE and the remaining noise barrier works will not affect any heritage site, i.e. all declared monuments, proposed monuments, graded historic sites/buildings, sites of archaeological

³ Actual expenditure up to 31 March 2010.

interest and Government historic sites identified by the Antiquities and Monuments Office.

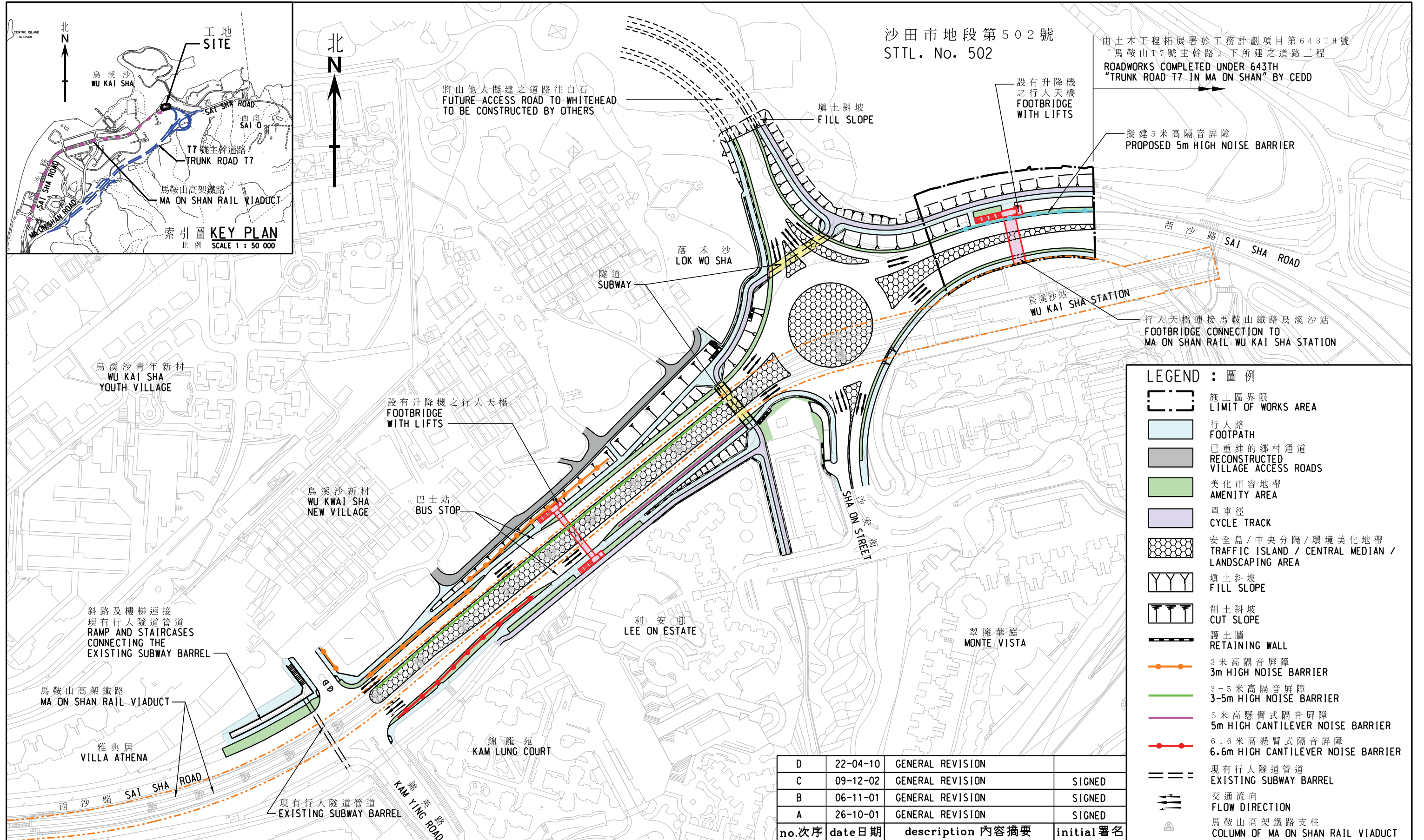
LAND ACQUISITION

17. The proposed increase in the APE does not require any land acquisition.

WAY FORWARD

18. Members are invited to support our proposal for seeking an increase in the APE by \$8.9 million, from \$122.5 million to \$131.4 million, in MOD prices. Subject to Members' views, we plan to submit the proposal to the PWSC for consideration in November 2010 with a view to seeking FC's approval in December 2010.

**Transport and Housing Bureau
June 2010**



drawing title 圖則名稱
工務計劃項目645TH
介乎錦英路與日後的T7號主幹道路交界處的西沙路擴闊工程 - 工地位置圖
PWP ITEM No. 645TH
SAI SHA ROAD WIDENING BETWEEN KAM YING ROAD
AND FUTURE TRUNK ROAD T7 JUNCTION - SITE PLAN

designed 設計
W. K. KWAN SIGNED 16.10.2001

drawn 繪圖
D. Y. LEUNG SIGNED 16.10.2001

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HIGHWAYS / WORKS DIVISION

drawing no. 圖號
NH23098D

scale 比例
1 : 2500
OR
AS SHOWN

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