

# Report

Subject: **C1084 Bulls Community Centre Construction – Update October 2018**

To: Council

From: Bulls Community Centre Project Team

Date: 9 November 2018

File: 5-CM-1-1084

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## 1 Background

- 1.1 At the Council meeting of 30 August 2018 (public excluded session), a report on the tender process for the construction of the Bulls Community Centre was considered. The following substantive resolution resulted from the consideration of tenders:

**Resolved 18/RDC/331 File Ref 5-CM-1-1084**  
**minute**  
**number**

That Contract 1084 Bulls Community Centre Construction be awarded to W & W Construction 2010 Ltd, subject to final contract negotiations, for the sum of \$5,443,635.00, GST exclusive, or such lesser sum as may be negotiated.

Since that meeting staff have been working with the Architects, other project consultants and W & W Construction to finalise remaining project elements/specification and costs. In addition, work has also progressed on other elements of the project not directly related to the construction contract. This report summarises progress and the outcomes achieved.

## 2 Heritage New Zealand Archaeological Authority 2019/186

- 2.1 The Archaeological Authority for the project was granted on 16 October. There was a 15 working day + 3 day stand-down period for appeals. No appeals were received. The Joint Venture partners - DT Holdings Ltd (DTH) have been asked to give notice (one month requirement) to Connect to vacate the site, however, this did not occur until Friday 2 November. W&W have adjusted their construction programme to assume site possession/set up will occur from Monday 3 December 2018. While the site may not be clear and available until the end of November, we understand Connect have expressed a willingness to allow access to the site before the end of the notice period. Discussions in this regard are underway. This will need to be confirmed once a contract is finalised with W&W Construction 2010 Ltd (W&W).
- 2.2 As Archaeologist Andy Dodd is required to be on-site for excavation works, co-ordination will be required with Mr Dodd and W&W, along with an agreed methodology to ensure an efficient operation. Dates for excavation works and Mr Dodd's availability have yet to

be confirmed. Allowance for Mr Dodd's time has been included in the budget. However, the discovery and subsequent management/treatment of any significant artefacts will be an additional cost, as will the costs with any associated construction delay(s).

### 3 Site Negotiations with Joint Venture Partner

- 3.1 DT Holdings Ltd have presented Council with two options for a revised proposed footprint. Council's preferred option (site outlined in red, below) would increase the total site footprint to 3595m<sup>2</sup> with a common area of 335m<sup>2</sup>. This proposal would allow the bus stop to be located entirely within the footprint, with the car-park area extending back to Dalziel and Funnell Streets.



- 3.2 A series of meetings have been held between the Chief Executive and DT Holdings (DTH) to negotiate a purchase price for the additional land. An agreement in principle has been reached, and the documentation is being drafted to reflect that. It is expected that this agreement will be signed before Council finalises the contract with W&W. The agreement will include a formula to establish the purchase price, where costs incurred by both parties which are mutual benefit are accounted for. The additional land area to be purchased will add an estimated \$130,000 to the project cost. A copy of the draft agreement, as it currently sits, is attached. This draft agreement builds on an earlier version, which has expired.

### 4 Negotiations with Preferred Tenderer

- 4.1 Discussions/workshops have continued between Council, its preferred tenderer W&W and their nominated sub-contractors, Architecture Workshop, and technical advisors to crystallise the areas of construction where specifications/price had yet to be finalised,

with the intent to reduce the contract price. These discussions have included looking at alternative product (without reducing the quality and performance) and reviewing/reducing the number of provisional sums to give more cost certainty.

The action list has included:

- 4.2 *Accessible facilities* – the building required accessible facilities to and on the stage area. An exterior ramp on the south façade will gain accessible compliance to the stage, while the toilet initially proposed for below the stage (with access by stairs) will be relocated to the opposite side (east side) of the building and will now be at stage level. Suitable access to the stage from within hall area is also required. As an internal ramp is impractical without a major redesign of the facility, a portable access ‘lift’ will fulfil Building Consent requirements.
- 4.3 *Sprinkler system* – water pressure testing confirmed that the pressure is insufficient for a fire-fighting system. Holmes Fire have re-designed a prescriptive specification for the firefighting system, which will include a single 90m<sup>3</sup> above ground water storage tank with the required pumps to be located in the below stage area. This is currently being priced by two subcontractors for W&W. Holmes Fire are also reviewing the drawing set to ensure all fire requirements are met. The firefighting hydrant pressure is a separate issue and has not been considered by Holmes Fire. Hydrant pressure is a matter to be considered in the overall review of Bulls water supply scheme.
- 4.4 *Roof system* – Architecture Workshop have reviewed the specifications, insulation and forward maintenance for two alternative solutions for the roofing membrane; The current subcontractor using a torch on 2-layer De Boer membrane system is about \$60k cheaper than the Viking heat welded TPO (thermoplastic polyolefin) proposal. They are both alternative systems under the building code and both provide 20-year Product Warranties. W&W have included the de Boer torch on system in their contract price, and this is an acceptable system.
- 4.5 *Aluminium joinery* – aluminium façade/window systems from two new subcontractors, evaluating glass types, and the replacement of some glass with insulated panels, have been priced by W&W. Maltbys advised that this area had the potential to save up to \$400,000 based on their tender price evaluations. One system, by Wight Aluminium of Whanganui, is the preferred (and cheapest) option, although it only offers savings of around \$180,000.
- 4.6 *Steel work* – Council’s engineering consultants (NZCEL) visited the W&W steelworker workshop to meet and discuss any queries arising from the tender documents. NZCEL are satisfied that this subcontractor has the capacity/capability to produce the required design elements (façade, stairs, etc)
- 4.7 *Acoustics* - Marshall Day Acoustics have been engaged to recommend appropriate acoustical design and detail acoustic treatment recommendations to the Hall and Learning hub areas. This assessment has yet to be completed, so a provisional sum will be included in the final contract.
- 4.8 *Power supply* - the electrical loading of the building has been assessed. This has identified that a cheaper option (than a new transformer on-site) is to upgrade the transformer across the road by the Bulls Town Hall. While involving a road crossing for mains cabling,

this option is still significantly less expensive. As this component of the project presents a sponsorship opportunity (through PowerCo), this aspect is being managed in-house.

4.9 *Carpark and Town Square* – Now that the site footprint is largely confirmed, there will a change regarding the bus stop location. This will result in the design of a new bus shelter area, which has yet to be completed and costed. The provisional sum included in the tender documents has been retained for this purpose. Initial discussions have taken place with a potential sponsor regarding forming/sealing the carpark and developing the town square. However, these discussions occurred prior to a change in the size of the area to be acquired. Further discussions will be arranged. These two landscape items will also remain as provisional sums.

4.10 *Price* – W&W submitted a tender price of \$5,613,853.00. Following initial discussions with the three short-listed tenderers as part of the QS process, the W&W tender figure was reduced to \$5,443,635.00 excl GST. Our QS advisors, Maltbys, suggested further savings of up to \$400,000 were possible. Despite extensive discussions in this regard, savings of around \$100,000 can be realised at this stage. While some matters have yet to be resolved before the contract is signed, there does not appear to be any further scope to significantly reduce the construction price without changing either the design or nature/quality of the building elements. However, our advisors have suggested there are still a number of areas where minor savings could be made, so if Council approves the contract with W&W Construction Ltd, staff will continue to explore opportunities with W&W to reduce the cost of construction without compromising quality or scope. Maltbys have assessed this final position, following negotiations and design/construction adjustments, and their report is attached. It is therefore recommended that W&W Construction Ltd be confirmed as the contractor and awarded contract C1084 Bulls Community Centre Construction for a maximum figure of \$5,348,837 (GST exclusive) as per the attached schedule.

#### 4 **Project Cost Estimates and Funding Projections**

4.1 Contract C1084 represents the majority of the cost associated with delivering the new Bulls Community Centre, but does not reflect all of the costs associated with the project. Additional costs include land purchase, professional services/consultants, consenting, archaeology, etc. The table below summarises these additional costs, and provides a comparison of cost estimate changes since the final QS estimate was provided in February 2018. The table provides an estimate of the total cost of delivering this project. A further table sets out the project funding projections.

	<b>Feb 2018 - QS Estimate</b>	<b>August 2018 - Tender</b>	<b>November 2018 – Contract Negotiation</b>	<b>Expenditure to Date</b>
Construction#	4,613K	5,643K	5348.9K	0
Consultancy*	461K	300K	325K	351K

Consenting	30K	30K	30K	0
Land Purchase <sup>^</sup>	190K	190K	320K	0
<b>Total</b>	<b>\$5,294K</b>	<b>\$6,163K</b>	<b>6023.9K</b>	<i>LTP Budget \$5.242M</i>

\* Architect, QS, Structural Engineer, GeoTech, Services, Fire, Archaeology

<sup>^</sup> Estimate – originally 2145m<sup>2</sup>, now 3595m<sup>2</sup> (subject to a cost allocation formula agreed with JV Partners)

# Includes a provisional sum of \$626,500 for carparking, bus stop/shelter, town square and fit-out (lighting, audio-visual, security, key furniture, door hardware and acoustic treatment). These areas will need to be refined as the project progresses, as they include the potential for sponsorship. Exclude utilities connections, which will be handled by RDC. Some components, such as hall seating, currently sit outside the budget. These exclusions reflect the expectation that external funding opportunities will be pursued specifically for these items. Construction insurance cover is also currently excluded, as staff are exploring the potential for cheaper cover with our Insurance broker, Aon. A nominal figure of \$18,000 has been flagged.

4.2 The following table sets out the funding secured and projections to ensure the project is fully funded:

	<b>\$ Sought</b>	<b>\$ Achieved</b>	<b>Difference</b>	<b>Further scope</b>
Lotteries*	1,000,000	500,000	-500,000	0
Community Trusts	300,000	550,000	+250,000	0
Corporates*	200,000	20,000	-180,000	100,000
Community*	150,000	100,000	-50,000	200,000
Rates (Loan)	1,600,000	1,600,000	0	0
Property Sales/Reserves*	1,065,000	65,000	-1,000,000	1,000,000
	<b>Total Committed</b>	<b>2,835,000</b>		
<i>Government (PGF)*</i>				<b>2,000,000</b>

<i>Council Reserves</i>				28,000
			<b>Total required</b>	<b>3,328,000</b>

\* Commitment made by Minister Shane Jones – However, any shortfall in funding may need to be covered by Council reserves or similar non-rate funding source

**5 Recommendation**

- 5.1 That the 'C1084 Bulls Community Centre Construction – Update October 2018' report be received.
- 5.2 That Contract 1084 Bulls Community Centre Construction be awarded to W & W Construction 2010 Ltd for the sum of up to \$5,348,837 (GST exclusive), with the expectation that staff will work with W&W Construction and other suppliers and potential sponsors, to secure further reductions in the cost of the project where practicable.

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