



memo

To: Merv Dacre, ADCE
Vaughan Crouch, GM Workplace Services *W.*

From: Programme Manager
Business Analyst 56 The Terrace Project Team

Date: 6 March 2015

Security level: IN CONFIDENCE

56 The Terrace – Approval of Base Build Variation and MCHF Prices

Purpose

1. This note seeks your approval of the prices for the Base Build (BB) Variation Works and the Main Contract Hard Fitout (MCHF) works for 56 The Terrace.

Payment for Base Build Variation and MCHF works

2. The Development Agreement (DA) between the Ministry and Kiwi Property Limited (Kiwi) provides that the BB Variation and MCHF works will be completed as part of the base building contract with the cost of the construction works being met by the Ministry.
3. The pricing processes for the BB Variation and MCHF works will be managed by Kiwi with the required information provided to the Ministry for review and approval.

Approval of prices

4. The Building Intelligence Group (TBIG) and Rider Levett Bucknall (RLB) have managed the pricing process negotiations with Kiwi on behalf of the Ministry. The enclosed memo from TBIG outlines the process that has been undertaken to confirm the prices with Kiwi and their contractor LT McGuinness, as well as details of the price submissions for each set of works from LT McGuinness.

Base Build Variation pricing

5. The BB variation price relates to the construction of the Ministry's section of the interconnecting stairs, the shuttle lift from the lobby to level 1 and the stair extension from level 1 to level 2.

6. The budget estimate set for the BB variation works was \$1,850,000 with an additional \$100,000 for contingency being provided for. Following the pricing review process the final pricing for the works received by LT McGuinness on 18 February is \$2,109,143 (excluding a contingency allowance). This increase is mainly attributable to the increased costs of structural works for the interconnecting stair.

MCHF pricing

7. The budget estimate set for the MCHF works was \$5,775,000 with an additional \$200,000 for contingency being provided for. Following the pricing review process the final pricing for the works received by LT McGuinness on 18 February is \$4,548,615 (excluding a contingency allowance)

Advice from Consultant Team

9. The pricing information received from LT McGuinness has been reviewed by both TBIG and RLB, with RLB issuing their tender analysis on 19 February.
10. RLB recommend that the Ministry approve the pricing amounts of \$2,109,143 and \$4,548,615 for the works. They have also recommended that we hold contingency allocations for each set of works - \$100,000 for the BB variation and \$200,000 for the MCHF.

Recommendation

It is recommended that you:

- a. **note** that under the DA the BB Variation and MCHF works will be completed as part of the base building contract with the construction works being met by the Ministry.
- b. **note** the initial budgets for the works were at \$1,850,000 and \$5,775,000 respectively following the advice of the project Quantity Surveyor RLB.
- c. **note** the TBIG and RLB completed a review of the prices received from LT McGuinness and have recommended that the Ministry approve them.
- d. **agree** the price of \$2,109,143 for the construction of the BB Variation works at 56 The Terrace.
- e. **agree** to allocate a contingency amount of \$100,000 for the BB Variation Works, which will be held by the Ministry.

- f. **agree** the price of \$4,575,000 for the construction of the MCHF works at 56 The Terrace.
- g. **agree** to allocate a contingency amount of \$200,000 for the MCHF works which will be held by the Ministry.



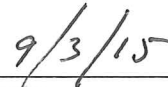
Vaughan Crouch
GM Workplace Services
Organisational Solutions



Date



Merv Dacre
Associate DCE
Organisational Solutions



Date