




# memo

**To:** Vaughan Crouch, GM Workplace Services  
**CC:**  Business Analyst 56 The Terrace Project Team  
**From:**  Programme Manager   
**Date:** 22 August 2014  
**Security level:** IN CONFIDENCE

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## 56 The Terrace – MCHF Design Fees

### Purpose

1. This note seeks your approval to the fees for the design of the Main Contract Hard Fitout (MCHF) for 56 The Terrace.

### Payment for MCHF Design

2. The Development Agreement (DA) between the Ministry and Kiwi Income Property Trust (KIPT) provides that the MCHF works will be completed as part of the base building contract with the cost of the design and construction works being met by the Ministry.
3. The design and pricing process for the MCHF works will be managed by KIPT with information provided to the Ministry for review and approval.
4. The initial budget for the MCHF design fees was set at \$1,200,000 following advice from the projects Quantity Surveyor, Rider Levett Bucknall (RLB).

### Proposed Fees (excluding GST)

5. On 16 June 2014, we received notice from KIPT of their Consultant's Fee Summary for the design of the MCHF design works for review and approval.



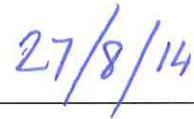
**Recommendation**

17. It is recommended that you:

- a. **note** that under the DA the MCHF works will be completed as part of the base building contract with the cost of the design and construction works being met by the Ministry.
- b. **note** the initial budget for the MCHF design fees was set at \$1,200,00 following the advice of the project Quantity Surveyor Rider Levett Bucknall.
- c. **note** the Ministry's Consultant Team completed a review of the fees received from KIPT
- d. **note** that the Ministry's consultant team have negotiated fee reductions with several of the consultant teams
- e.
- f. **note** that Wareham Cameron and TBIG recommend that the Ministry approve the fee proposal.
- g. **agree** the Design Fee of \$917,541 for the MCHF works for 56 The Terrace.
- h. **agree** that a contingency of \$60,000 be held within the overall project budget for potential scope changes or ad hoc consultancy advice.



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Vaughan Crouch  
GM Workplace Services  
People, Capability and Resources



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Date