



memo

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

From: Programme Manager
Business Analyst 56 The Terrace Project Team

Date: 6 March 2015

Security level: IN CONFIDENCE

56 The Terrace – Approval of Sub-Divisional Hard Fitout Price

Purpose

1. This note seeks your approval of the price for the Sub-Divisional Hard Fitout (SHF) works for 56 The Terrace.

Pricing for SHF works

1. The Development Agreement (DA) between the Ministry and Kiwi Property Limited (Kiwi) provides that, the Ministry will at its own cost proceed with construction and installation of the SHF for 56 The Terrace.
2. The Building Intelligence Group (TBIG) and Rider Levett Bucknall (RLB) have managed the pricing process negotiations with LT McGuinness on behalf of the Ministry. The enclosed memo from TBIG outlines the process that has been undertaken to confirm the prices with LT McGuinness, as well as details of their price submission.
3. The budget estimate set for the SHF works was \$11,525,000 with an additional \$900,000 for contingency being provided for.
4. On 5 February LT McGuinness submitted a lump sum price of \$11,147,257. Following receipt TBIG consulted with the Ministry and it was decided that a Value Engineering exercise will be undertaken to identify cost saving opportunities.
5. The Value Engineering exercise was undertaken and resulted in cost savings of \$932,982.54 (refer to attached TBIG memo for specific details).
6. On 3 March LT McGuinness submitted a revised lump sum price of \$10,372,979 which includes provisional sum allowances of \$210,000.

Advice from Consultant Team

2. The pricing information received from LT McGuinness has been reviewed by both TBIG and RLB, with RLB issuing their tender analysis on 3 March.
3. RLB recommend that the Ministry approve the pricing amount of \$10,372,979 for the SHF works. They have also recommended that we hold contingency allocation of \$900,000.

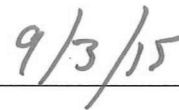
Recommendation

It is recommended that you:

- a. **note** that under the DA the Ministry will at its own cost proceed with construction and installation of the SHF for 56 The Terrace.
- b. **note** the initial budget for the works was \$11,525,000 following the advice of the project Quantity Surveyor RLB.
- c. **note** the TBIG and RLB completed a review of the price received from LT McGuinness and have recommended that the Ministry approve it.
- d. **agree** the price of \$10,372,979 for the construction of the SHF works at 56 The Terrace.
- e. **agree** to allocate a contingency amount of \$900,000 for the SHF Works, which will be held by the Ministry.



Vaughan Crouch
GM Workplace Services
Organisational Solutions



Date



Merv Dacre
Associate DCE
Organisational Solutions



Date