

GWRC Tenancy Alterations – Regional Council Centre

Background

During the later half of 2006 Council identified the need to undertake fitout alterations to cater for the accommodation requirements of Departments on a number of floors. This requirement coincided with the planned refurbishment of the ground floor common areas by the building owner, Pringle House Limited.

Rather than undertake several smaller projects in isolation, it was decided to combine the owner and tenancy works into a single specification and tender the entire scope of works under one construction contract.

Scope of Works – Owner

The owner's works generally involve:

- The relocation of the main entrance and foyer of the building to the centre of the ground floor.
- The infill of the existing double height entrance and lobby to create extra office area on level 2 above.
- The formation of two new meeting rooms on the eastern side of the new foyer.
- The full refurbishment and upgrade of the foyer and lift car interiors.
- The refurbishment of the existing street front canopy.

A report seeking approval for the owner's work is to be considered at the next WRC Holdings Directors' meeting on 28th June 2007.

Scope of Works – GWRC Tenancy Alterations

The scope of the Council tenancy works are generally described as follows:

- Ground Floor – The replanning of the ground floor reception and support area to create a uniquely identifiable Greater Wellington reception/service area including the creation of a kitchen area to service the new ground floor reception and meeting rooms.
- Ground Floor – The fitout of the two new meeting rooms on the eastern side of the foyer.
- The fitout and occupation of the additional office area created on level 2. This area is to be occupied by the Wellington Regional Strategy group who have been in temporary accommodation on level 10 for some time.

- Minor fitout alterations to the rear of level 8 (Employment Services) to open what is currently a heavily partitioned area and utilise the space more efficiently.
- Fitout alterations to convert office space on the north of level 8 to an executive meeting room. This work includes the construction of a new kitchen for AIG from whom the meeting space was taken.
- The fitout alterations required to relocate the Metlink call centre from level 6 to the north end of level 9. This involves the relocation of the existing kitchen to the south end of the floor and the construction of a new meeting room, office and storeroom to replace those lost to the area to be occupied by Metlink.

The key drivers for this work stem from:

- Council's general requirement for more medium to large meeting rooms.
- The loss of two large meeting rooms on level 6 (Platform 6 and Alpha Room) due to the increase in the staff numbers of Transport Division
- The need to shift Metlink off level 6, again to accommodate the expansion of Transport Division.
- The desire to create a Greater Wellington identity on the ground floor distinct from the general public areas. This will enable Council to "brand" its own area and reduce the time it spends servicing visitors to other tenancies; notably NZ Immigration Service customers.
- The economies of scale and project coordination advantages that would be gained from undertaking the Council tenancy work in tandem with the owner's works.

Tenders received

Four contractors were invited to tender for the combined tenancy and owner project works. The analysed and adjusted tenders are:

Tracer Interiors and Construction Limited	\$734,600
Fletcher Construction Company Limited	\$867,744
Key Commercial Interiors Limited	\$843,108
Maycroft Construction Limited	\$873,558

The above tender sums include contingencies but not building consent or professional fees.

We attach as *Appendix 1* the tender recommendation from Slade Architects. They are recommending acceptance of the Tracer Interiors tender at a total cost of \$734,600.

In making this recommendation some reservation is expressed in that the Tracer price is some \$100,000 lower than the next lowest tenderer. However, feedback from other clients and project managers who have recently worked with Tracer Interiors is generally very positive. They are experienced with this type of work and the company has been operating successfully for 10 years.

I further note that Tracer Interiors were asked to check their tender for errors and re-confirm their tender price on more than one occasion. We do know that Tracer Interiors currently have a light work load and this will have undoubtedly contributed to their highly competitive pricing of this job.

Provided progress payments are handled conservatively, we concur with the recommendation that the Tracer Interiors and Construction Limited tender be accepted.

Apportionment of Recommended Tender Price

As indicated above the total tendered sums cover works for both Pringle House Limited and Greater Wellington as tenant. Quantity Surveyors, Rawlinsons were engaged to analyse the total project bundle and apportion costs between the Landlord and Tenant.

Rawlinsons cost estimate for the total project works is \$818,875 excluding fees. Again this indicates that the Tracer Interiors price for the combined works is highly competitive.

Based on the Rawlinsons cost apportionment, the Tracer Interiors actual tender and an allowance for fees and consents of \$85,000, the Greater Wellington tenancy apportionment of the tendered construction cost is \$305,871.

A further \$45,300 has been allowed for the purchase of new screens to office areas and furniture to meeting rooms and another \$11,250 for the temporary relocation of staff during the works.

Appendix II contains the full workings on which the cost allocations are based and the table below contains the cost allocation summary.

TOTAL COSTS PER AREA	Construction Work	Furniture	Relocation	TOTAL
PHL Work	\$ 513,729	\$ -	\$ -	= \$ 513,729
GW Tenancy Work - Ground & Level 2	\$ 195,274	\$ 15,400	\$ 5,750	= \$ 216,424
GW Tenancy Work - L8 - HR	\$ 5,168	\$ 7,000	\$ -	= \$ 12,168
GW Tenancy Work - L8 - Meeting	\$ 43,412	\$ 20,700	\$ -	= \$ 64,112
GW Tenancy Work - L9 - Metlink	\$ 31,008	\$ -	\$ 3,500	= \$ 34,508
GW Tenancy Work - L9 - Balance	\$ 31,008	\$ 2,200	\$ 2,000	= \$ 35,208
TOTAL GW Tenancy	\$ 305,871	\$ 45,300	\$ 11,250	= \$ 362,421
TOTAL ALL	\$ 819,600	\$ 45,300	\$ 11,250	\$ 876,150

Based on the above the total expenditure for which approval is sought is \$362,421 inclusive of contingency and fees.

Summary

The need to undertake the Council tenancy works outlined in this report have arisen predominately from the increase in staff levels (Transport Division in particular), the requirement for better meeting facilities and a desire to create improved reception and meeting facilities on the ground floor. The proposed ground floor works will also alleviate current issues with disruption caused by NZ Immigration customers.

The proposed works coupled with the building owner's works will increase the space available to Council and utilise existing areas more efficiently. The combination of Council's works with that of

the owner also makes sense from a financial perspective (economies of scale) and from a project administration point of view.

The cost estimates by Rawlinsons and the competitive level of the Tracer Interiors tender, indicates that Council is getting good value for money on this project.

Report prepared by
O'Brien Property Consultancy Limited

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Jozsef Bogнар

NB: All figure stated in this report exclude GST.