

HONG KONG WATER SPORTS COUNCIL

BOARD OF DIRECTORS

EAST KAI TAK WATER SPORTS CENTRE (EKTWSC)
APPOINTMENT OF CONSULTANT ARCHITECT

ISSUE

At the Board meeting held on 26 June 2019, Directors considered Paper BD 19/3 dealing with a proposal to appoint Handi Architects Limited (Handi) to provide professional consultancy services to the Council on the terms and conditions set out in their letter of 5 June 2019. On that occasion the Board expressed concerns about accepting a single proposal from one firm and agreed that Handi should be informed of the Board's concerns and, if necessary, consideration given to inviting open tenders for the consultancy. Handi was subsequently informed of the Board's decision and has responded with a fresh offer letter dated 1 August 2019, a copy of which is at Annex.

DECISION SOUGHT

2. The Directors will again be invited to decide –
 - (a) whether (or not) to appoint Handi Architects Limited to provide professional consultancy services to the Council on the terms and conditions set out in their fresh offer letter of 1 August 2019, as attached at Annex; and
 - (b) if the decision under part (a) is to appoint Handi, who should be delegated the authority to sign the letter on behalf of the Council accepting Handi's terms and conditions

BACKGROUND AND ARGUMENT

3. As explained previously in Paper BD 19/3, the Council lacks the professional knowledge needed to prepare a detailed capital cost estimate for the physical works required to develop the former Kai Tak Fire Station site and, if funds are obtained from a sponsor, to prepare detailed designs and tender documents, and later to supervise the actual works themselves under the works contracts. To address this situation, a series of discussions and meetings were held with Handi to explore whether they would be prepared to provide such support and on what terms.

4. It was explained to Handi that the Council lacked the funds to employ consultants. The question was asked whether Handi would be willing to assist the Council **at no cost** to prepare a detailed capital cost estimate and also support the Council in making a submission for the capital expenditure funding (including the consultants' fees and costs) required to a potential sponsor. The suggestion made at that time was that should the sponsor agree to fund the project, the consultants should then be able to be paid their fees and costs at the detail design and construction stage. The discussions resulted in an exchange of letters as annexed to the earlier Board paper.

5. Following the Board's decision on 26 June 2019, a meeting was arranged with Handi at which the Board's concerns were explained. Representing the Council were Mike Tanner, Mike Arnold and Steven Li (the latter being a member of the preparatory committee for the EKTWSC). This resulted in Handi submitting the fresh offer letter at Annex.

6. The new letter from Handi is probably the best the Council can expect to obtain given that Handi are volunteering to help for free. The letter also limits the offer only to the preparatory work needing to be completed in order for the Council to make a funding submission to a sponsor; there are no conditions about Handi being appointed to carry out further work.

7. Nonetheless, although the bulk of the work should be at no cost to the Council, we may still have to bear some out of pocket expenses from Handi (para 5.1 of the letter). These costs are envisaged to be required to produce the

materials needing to be submitted to a potential sponsor, such as a booklet setting out the details of the work required, the estimated costs, and architectural sketches showing how the finalised project would appear. These costs should not be too significant and thus manageable by the HKWSC.

8. Other and possibly more significant financial risks that the Council might have to face are covered under the Exclusions section of the letter (paras 4.1 and 4.2). Hopefully the Council need not face major costs involved in the various items listed under this section until after funding is obtained from a sponsor, since most of the items appear to be more related to the later detailed design stage required to tender the works and obtaining necessary government approvals.

9. One area where Handi may propose the need for some outside input from other consultants in preparing the submission to the sponsor, involves obtaining specialist advice from a Fire Engineering Consultant, a Registered Landscape Architect, an Environmental Consultant, and a Sustainability Design, BEAM Professional and/or LEED Consultant (i.e. consultants who specialise in advising on achieving Green Building certification). This advice may be needed to show a potential sponsor that the Council can meet the terms and conditions laid down by the Government in the Draft Tenancy Agreement for the Fire Station site STT.¹

10. The Draft Tenancy Agreement requires that the Council comply with any requirements imposed by the Director of Fire Services. From initial on-site discussions with Handi, there may be a need to install a fire protection system within the fire station building, possibly in the form of a sprinkler system. Handi may thus need to approach a fire engineering consultant to advise on the form and estimated costs of providing necessary fire protection measures as part of the drawing up of the funding submission to the sponsor.

11. The Draft Tenancy Agreement also imposes conditions in respect of the retention and maintenance of existing trees on the site. From a tree survey paid for by the Council, we already know that various trees in the site

¹ See Annex of Board Paper BD 19/5 for a copy of the Draft Tenancy Agreement, also to be considered at the Board meeting on 11 September 2019

have to be removed and replanted. We also wish to remove the surplus topsoil from the site that is not required to sustain the trees that have to remain. Handi may wish to seek the advice of a landscape consultant to come up with an acceptable landscape design. We cannot simply leave in place the currently untidy undergrowth and soil mounds as they now stand. The trees will also need careful and periodic pruning from time to time if they are not to become a safety risk or gradually block use of parts of the site. We may need to provide proposals in this regard to the sponsor.

12. Although not a condition in the Draft Tenancy Agreement, the former Fire Station Building itself is regarded as a form of heritage building, although not yet listed as such. Work will be needed to repair and upgrade the building and its internal fittings to render it suitable for occupation and use. Other building works within the site will be also required. The Government and many large companies in Hong Kong (especially property developers and organisations like the HKJC) are strong supporters of environmental sustainability and adopt BEAM and LEED certification for their projects.² A potential sponsor may thus ask for environmental and sustainability considerations to be covered in our funding submission.

13. Finally, what also should not be forgotten in the context of Handi possibly requiring additional outside advice is that projects as they develop not infrequently turn out to be less simple than they might first appear. So Directors should not be surprised if other as yet unforeseeable issues still crop up as Handi (or any other consultant we may wish to appoint in their place) gets down to carrying out the more detailed work required in preparing the capital cost funding submission to a potential sponsor.

² : BEAM stands for Building Environmental Assessment Method, which is a voluntary green building labelling scheme supported by the HK Government and local major developers.

LEED stands for Leadership in Energy and Environmental Design and is the most widely used green building rating system in the world.

Adopting these two approaches is intended to result in buildings that use less energy, water and materials than conventional buildings which in turn limits greenhouse gas emissions and reduces operational costs.

For decision on
11 September 2019

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plus Annex

14. The Board is asked to consider the contents of Handi's letter dated 1 August 2019 and to decide whether the Council should agree to what is proposed therein.

4 September 2019

Handi architects limited

1 August 2019

Our Ref: C1913/ F02

(by email and post)

Hong Kong Water Sports Council
Flat C, 3/F., R&T Centre,
81-83 Larch Street, Tai Kok Tsui,
Hong Kong.

Attn. Mr. M J Arnolds

Dear Sirs,

Re: Lodging Funds Application

Proposed Development of Water Sports Centre at Former Kai Tak Runway Fire Station Site

Thank you for your clarifications in meeting today, we have much pleasure to confirm that our provisions of packaged architectural, AP, building services, structural & geotechnical engineering and project management consultancy services for lodging funds application shall be on a voluntary basis. Details of our scope of professional services are as follows:

1. DESCRIPTION OF PROJECT

1.1 Particulars of the Project are summarized as follows:

Site Area	:	3,700 sq.m.
Land Status	:	5-year Short-Term Tenancy (STT) (to be granted)
Proposed Use	:	Multi-water sports centre for community based water sports activities, such as rowing, canoeing and dragon boating.

1.2 The Hong Kong Water Sports Council ("HKWSC") is proposing to approach the Hong Kong Jockey Club ("HKJC") for the funds to cover both the upfront capital costs of developing the site for water sports ("the funds") and the subsequent annual recurrent operating costs for five years to run community based water sports activities using the centre for youth, the elderly, and those physically and socially disadvantaged.

1 August 2019

Our Ref: C1913/ F02

2. SCOPE OF ARCHITECTURAL, AP, BUILDING SERVICES, STRUCTURAL & GEOTECHNICAL ENGINEERING AND PROJECT MANAGEMENT VOLUNTARY CONSULTANCY SERVICES

Stage 1 : Feasibility of the Works

- 2.1 Liaise with relevant government authorities, landlord, departments, utilities companies, other relevant bodies and the HKWSC to obtain all necessary information including drawings, specifications, site record, site survey, warranties, etc. wherever they are available;
- 2.2 Carry out site inspection and preliminary surveys to the existing buildings to obtain all necessary information relating to the feasibility study so as to determine the detailed scope of works;
- 2.3 Submit a feasibility report including but not limited to preliminary design, calculation, schematic plans, extent of works for builder's works & building services works, diversion works, implementation program, identification of any foreseeable project constraints and risks, etc.
- 2.4 Advise the HKWSC on the need for any special technical survey, test, investigation, diversions of utilities, etc.

Stage 2 : Scope of the Works and Cost Estimate

- 2.5 Define, review and finalize the scope of works for the HKWSC agreement;
- 2.6 Prepare a detailed cost estimate with itemized breakdown.

Stage 3 : Lodging the HKJC Funds Application

- 2.7 Assist HKWSC to prepare an application for the funds from HKJC.
- 2.8 Arrange and attend meetings with the HKWSC and the HKJC for assessment of the application.
- 2.9 Respond to the queries, revise and re-submit the drawings and cost estimate according to the comments from the HKJC.

3. PROFESSIONAL FEE

- 3.1 Our packaged professional services from Stage 1 to Stage 3 shall be on a voluntary basis.

1 August 2019

Our Ref: C1913/ F02

4. EXCLUSIONS

4.1 The packaged professional services as stated in Clause 3 does NOT cover the following items:

- (a) Appointment of all other specialist consultants, including but not be limited to:
 - Planning Consultant;
 - Fire Engineering Consultant;
 - Registered Landscape Architect;
 - Environmental Consultant;
 - Sustainability Design, BEAM Professional and/or LEED Consultant;
 - Lands Consultant;
 - Traffic Engineer.
- (b) Preparation of Traffic Impact Assessment (TIA), Sewerage Impact Assessment (SIA), Drainage Impact Assessment (DIA), Tree Felling and/or Landscaping Proposals in case they are so requested by Government departments.

5. REIMBURSABLE OUT-OF-POCKET EXPENSES & PRINTING CHARGES

5.1 Any reasonable out-of-pocket expenses have to be reimbursed by the HKWSC at cost. Such expenses include architectural models, artistic impression drawings and 3D computer rendering drawings.

6. INTELLECTUAL PROPERTY RIGHTS

All copyrights, design rights or patents in all drawings, reports, specifications, calculations and other documents supplied or produced by, for or on behalf of the Consultant ("the Intellectual Properties") shall be the property of the HKWSC. The Consultant shall not be liable for the use of any Intellectual Properties for any purpose other than that for which the Consultant originally prepared it.

Our proposal issued by letter on 5th June 2019 (ref.: C1913/F01) is hereby superceded.

Yours faithfully,

C H Ng
for and on behalf of
Handi Architects Limited

CHN/AL/SS/ssit/fee