152 THE TERRACE: HUME HOUSE WEATHERTIGHTNESS PROJECT

STATUS UPDATE

21 SEPTEMBER 2023

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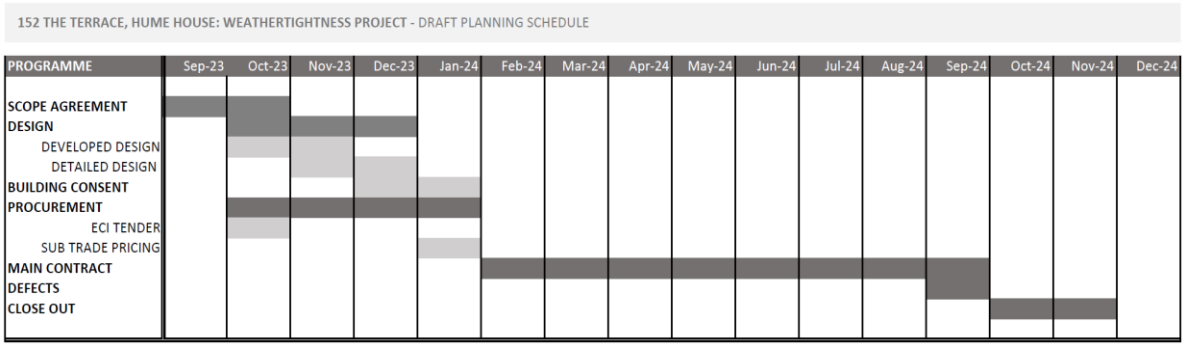
1. PROJECT PROGRESS

This report has been compiled to provide the Hume House body corporate with an update on the weathertightness project progress, as we have reached the following milestones:

- Completion of Preliminary design.
- Liaised with Wellington City Council to avoid a requirement for resource consent.
- Undertaken an updated estimate of the preliminary design package.
- Obtained expressions of interest from potential Main Contractors.
- Compiled a draft ECI tender for consideration.

2. DESIGN PROCESS & PROGRAMME

We have outlined an updated indicative programme based on the development of the Preliminary design package. We will develop a detailed programme for review and agreement following engagement of a preferred main contractor.



It is noted that the construction timeframe is dependent on the methodology presented by the successful main contractor so is subject to change from the timeframes listed.

3. BUDGET & COST

Rawlinson completed an initial ROC estimate of project cost, which was presented to the Body Corporate in 2022. We have since completed a series of building inspections which have informed the scope for the Preliminary design package. An updated cost estimates has now been produced based on this design. We noted that the price for a comparable solution to the ROC is in excess of the original estimate.

The drivers for the cost increase are outlined below:

Scope changes

1. ***Condition of the building has progressed since the Goleman Report***:

   The original ROC was based on a report the body cooperate commissioned from Goleman in November 2020, it did not reflect the current condition or correctly document a suitable repair strategy.

2. ***Structural inspection & façade repair system:***

   A high-level physical inspection was commissioned and completed by Interact and Clendon Burns to outline the current condition of the façade and windows. This informed the proposed flexible facade render system, which has advanced from the simple crack repair and paint solution noted in the historic Goleman report. There was evidence onsite to show that the façade had cracked along movement joints, which presents a weakness in the façade. If not addressed appropriately these types of cracks will likely continue to crack, providing ongoing damage and risk of water ingress. The flexible render façade system is recommended as it allows for movement in the building, which provides greater protection from cracking and water ingress. This recommendation is in the vicinity of an additional $400,000.

3. Fire and accessibility non-compliance:

The fire inspection noted a series of fire non compliances, which are required to be remedied as part of the building consent process, to allow for the remaining scope of work to be undertaken. This was unforeseen and has contributed to increased cost of over $500,000, which is predominantly attributed to the requirement to install a sprinkler system within MOTT. This is currently the largest cost increase to the project.

4. MOTT asbestos roofing tiles:

We have been advised that the roofing tiles on MOTT have tested positive for asbestos. The tiles will be disrupted if the windows within the roof of MOTT are to be replaced. On that basis we would recommend that if the body corporate would like to proceed with the window replacement in this area, it would make sense to remove and replace the tiles at the same time. If not, we suggest the body corporate looks to put a management system in place to ensure the asbestos remains in place but is not disturbed by any future activities associated with the buildings use.

5. Scaffolding lift and platforms:

This solution has been proposed, after discussions with the window manufacturers and installers. It provides a simple and non-invasive way to get the windows to the upper floors, minimising risk of damage. This is an option that could be value engineered out, if the body corporate were open to sub-contractors using the existing access from the car park area, and then using the internal lifts. This would involve disruption to the use of the lifts during business hours but can be investigated.

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Market cost increases

1. ***Scaffolding:***

   While the scope of the scaffolding predicted for the project has not increased, the quantity surveyors have seen a large amount of volatility in the market, which is driven by supply and demand. We are looking to refine the risk associated with the scaffolding by asking the main contractors who are tendering to provide us with rates for scaffolding.

Given the increase in costs, we have outlined the below 3 options with price comparisons for consideration to agree a project scope:

1. Full scope
   a. Façade repair and window replacement for MOTT, tower, and penthouses (Level 8). Allows for flexible façade render system in lieu of paint.
   b. Fire and accessibility upgrade to meet code requirements.
   c. Removal of MOTT asbestos roofing tiles and replacement to allow for safe replacement of the windows.
   d. Excludes southern façade and windows, due to resource consent trigger.
2. Exclusion of MOTT
   a. Façade repair and window replacement for the tower and penthouses (Level 8). Allows for flexible façade render system, in lieu of paint.
   b. Fire and accessibility upgrade to meet code requirements.
   c. Excludes southern façade and windows, due to resource consent trigger.
3. Exclusion of MOTT & Penthouses
   a. Façade repair and window replacement for the tower only. Allows for flexible façade render system, in lieu of paint.
   b. Fire and accessibility upgrade to meet code requirements.
   c. Excludes southern façade and windows, due to resource consent trigger.

	Original ROC	Full scope	MOTT excl	MOTT & Penthouse excl
MOTT	✓	✓	✗	✗
Penthouse	✓	✓	✓	✗
Tower	✓	✓	✓	✓
Flexible façade render	✗	✓	✓	✓
Scaffolding lift	✗	✓	✓	✓
Fire compliance	✗	✓	✓	✓
MOTT Asbestos removal	✗	✓	✗	✗
	$ 2,332,952.00	$ 4,050,686.00	$ 3,488,328.00	$ 3,275,113.00

Value engineering:

- ***Reuse of ceiling tiles post sprinklers installation:***

  The ceiling tiles are in a range of different conditions. We generally recommend replacement while they are being disrupted for the sprinkler installation. They can however be removed, surveyed and reinstalled in a manner where tiles of similar conditions are grouped together and used in areas that are not as visible – such as corridors etc.

- ***Reuse of part of the ceiling grid:***

  A large part of the ceiling grid that holds the ceiling tiles will need to be removed to install the sprinklers. We can request that the installer attempts to work around the grid where possible and keeps it in place. This is contingent on the installer and what is physically possible onsite. Could the Body Corporate please advise if they have an incumbent fire service agent that maintains the current systems onsite. We will discuss this proposal with them to see if it has merit.

- ***Reuse of lights in MOTT post sprinkler installation:***

  The light fitting within the ceiling will also need to be disconnected and removed to install the sprinkler system. We can work with the electrician to see if they are able to reinstall the old fittings, rather than provide new ones. This will be contingent on their assessment of the safety of reuse, and no warranties will be able to be provided.

- ***Use of internal stairwells and lifts:***

  We could request that the Main Contractor uses the internal stairwells and lifts to transport materials and equipment to each floor, opposed to using an external lift attached to the scaffolding. It would compromise the use of these amenities for the building users and may impact efficiency onsite.

Contingent on the suitability of any of these options, they could offer between $50,000 - $250,000 worth of savings.

4. ECI TENDER

We have had four main contractors that have provided expressions of interest in being involved in the tender for the project. It is proposed that we issue an ECI tender to all four contractors, that requests P&G and margin, as well as providing rates for price sensitive trades such as scaffolding.

We would also recommend that the ECI tender is issued as soon as possible, so we can price test our estimates and cost saving assumptions. We would also like to work with the preferred tenderer to investigate further cost saving options.

We note phase one of the ECI tender process involves the preferred tenderer work with us through to the completion of design, with the intent, but no commitment, of engaging them for phase two. If the updated estimate compiled at the end of the design period, in consultation with the preferred main contractor is not acceptable, we are not required to progress to phase two.

Phase two requires them to competitively tender all the sub trades that are not nominated, so we maintain cost pressure throughout.

A draft tender pack is attached for review and comment. If acceptable we propose this is issued next week. We suggest the process is completed in the 4-week period with a recommendation for a preferred tender provided on conclusion.

5. RECOMMENDATION

We note that a lot of cost risk sits with MOTT in many of the cost options, and that a smaller percentage of the Body Corporate will experience the benefit of this investment. We would recommend reducing this cost risk by reducing the scope of the project in that area.

If we circle back to the main driver of the project it was the façade damage to the tower, that was in many cases being caused by the interface with the windows. We can still achieve this, for a cost that is comparable to the original ROC but reducing the scope of the project back to the tower. Unfortunately, we are required to remedy the fire compliance issues, most of which sit in MOTT. We would otherwise recommend no other works are completed in this part of the building if they can be avoided.

We request that the body corporation reviews the options for the project scope and corresponding estimate costs and provides confirmation on how they wish to proceed. We also recommend the ECI tender is issued in parallel to the project scope review, which will help refine the cost estimate based on market feedback.

Should you have any queries or require further information, please do not hesitate to contact the undersigned.

Regards,

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