

# MEMO



**To:** Zoe Griffiths, Deputy Secretary People, Capability and Resources  
**From:** Sarah Apperley, Internal Project Manager  
**Date:** 9 March 2015  
**Subject:** Approval to proceed with stair construction work

## COMMERCIAL IN CONFIDENCE

### Background

In May 2014 the project gained approval for the concept design 33 Bowen Street. Peter Hughes asked the project to look at the option to create a new internal stair in the building. This was a key design element for the building and was approved at the concept design stage. The estimated cost for the internal stair is \$2.325m.

### Concept and Detailed Design Approval

The concept design (including the internal stair) was approved by Peter Hughes on 16 June 2014. Peter also endorsed the detailed design including the stair design at a meeting on 27 January 2015 which was formally approved by Kristine Kilkelly along with approval to issue the designs out for tendering of the work.

### Approved Budgets

The following budgets were approved by the Project Board and were captured in the Project Initiation Document (PID). An update to these estimates as completed in September last year and was provided to both Kristine Kilkelly and Tina Cornelius.

Description	Estimate of total as at Sept 14	Original Budget (from PID) Approved
Internal Design Team	\$1,259,000	\$1,151,000
External Design Team	\$1,461,724	\$1,581,760
Fitout and MCHF	\$13,100,000	\$12,000,000
Landlord consultant fees	\$371,259	(included in consents and fees)
Consents and Fees	\$300,000	\$2,150,000
AV/IT	\$1,950,000	\$1,950,000
Soft Fitout	\$4,900,000	\$4,400,000
<b>Total</b>	<b>\$23,341,983</b>	<b>\$23,232,760</b>

The landlord is required to complete the stair work on behalf of the Ministry, however the Ministry is responsible for the costs. The following table shows the pricing which has come from the landlord construction team and is within the approved budgets outlined in the \$13.1m estimated for fitout and MCHF.

*We get the job done Ka oti a mātou ngā mahi*

*We are respectful, we listen, we learn He rōpū manaaki, he rōpū whakarongo, he rōpū ako mātou*

*We back ourselves and others to win Ka manawanui ki a mātou, me ētahi ake kia wīkitoria*

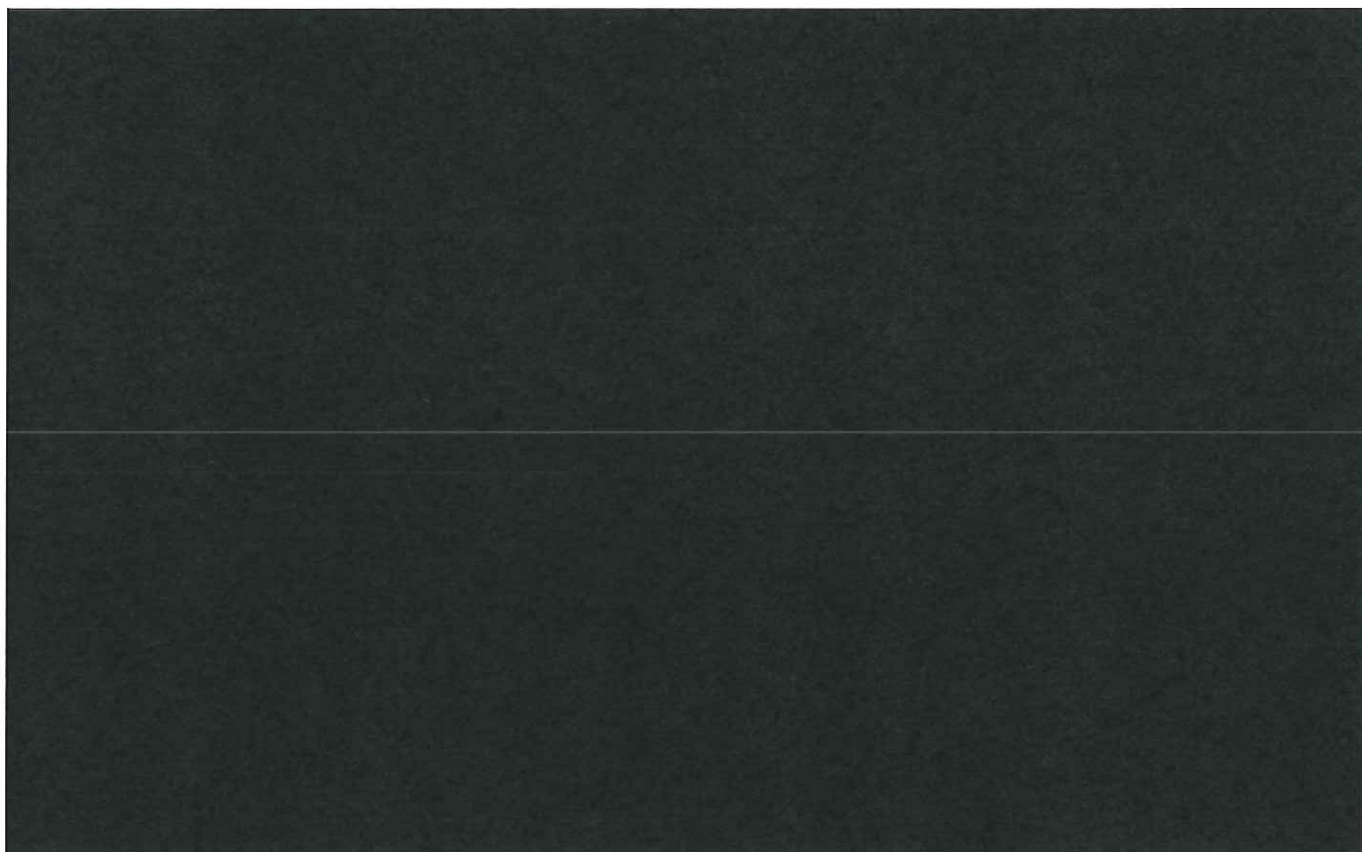
*We work together for maximum impact Ka mahi ngātahi mo te tūkinga nui tonu*

*Great results are our bottom line Ko ngā huānga tino pai a mātou whāinga mutunga*

	Budget Estimate	Pricing from Fletcher Construction (6 March 15)	Variance
MCHF Design	\$2,600,000		
Internal Stair	\$2,325,000		
<b>Total costs (excl GST)</b>	<b>\$4,925,000</b>		

#### **Approval to start construction**

Pricing has been received from the landlord's construction company, Fletcher Construction to complete the stair. To meet programme the contractor urgently requires approval to commence the cutouts for the stair in the building. The cost associated with this preliminary work is \$418,000 of the total \$2.325m for the stair.



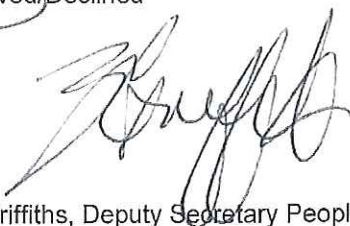
#### **Ongoing Negotiation on Cost**

The project is undertaking additional negotiation on steel pricing and have requested additional quotes from other providers to see if the Fletcher Construction Price form 6 March can be improved upon.

Once the final pricing is negotiated the project will request formal approval for the MCHF and Stair costs.

## Approval

- **Note** there will be ongoing negotiation for additional savings on the stair cost
- **Note** at this stage the Ministry is committing to \$418,000 of a total of \$2.325m for the stair work.
- **Note** the final cost estimates for the MCHF, Stair and Fitout will be taken to the Project Board for approval within the next month.
- **Approve** that work can commence on the construction of the internal stair.

<div>Approved/Declined</div> <div></div> <div>Zoe Griffiths, Deputy Secretary People, Capability and Resources</div>	<div>Date 16/3/15</div>
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If you wish to discuss this in any detail, please let me know when you would like to meet.

Kind regards

Sarah Apperley

**Internal Project Manager**

<sup>1</sup> There is a small variance from the original budgeted amount of the stair to the pricing provided by the landlord's contractor. This is due to a significant increase of the price of steel. There are ongoing negotiations with the contractor to try and reduce this variation, however the current variance can be accommodated within budget.

