

**Lopdell House: Innovation in delivering
a \$13M refurbishment through “a
culture genuine to serve a client”**

**Presented by Richard Cole , Auckland Council
& Shane Brealey, NZ Strong**

Introduction

Lopdell House & Gallery is a \$20M project comprising of a large heritage building linked to a new multi-storey art gallery.

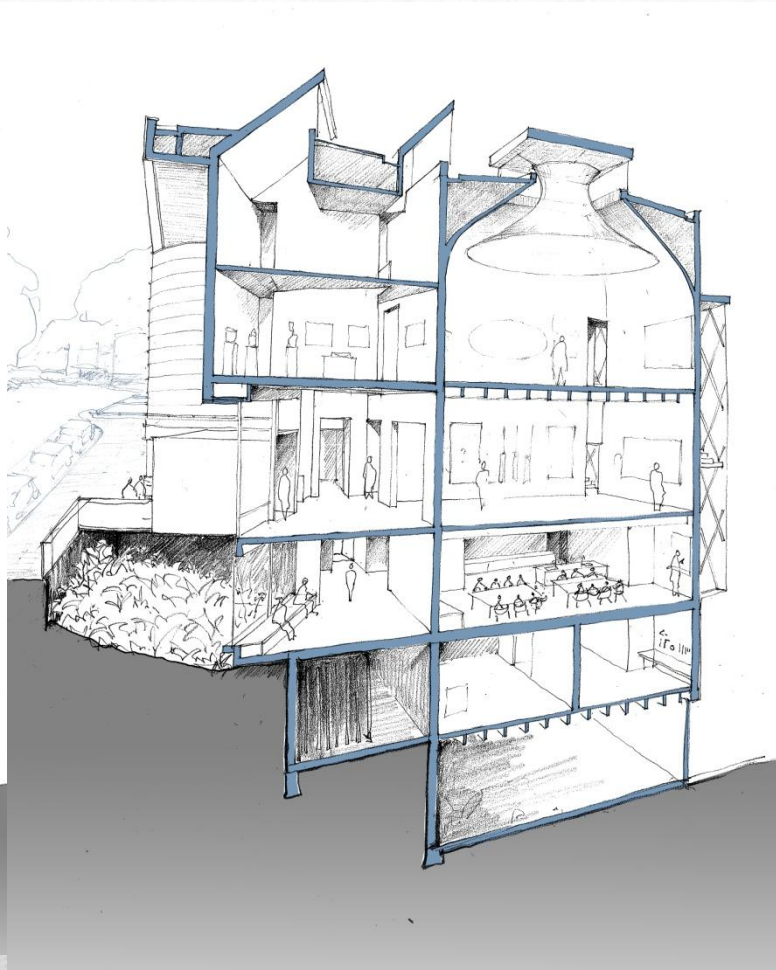
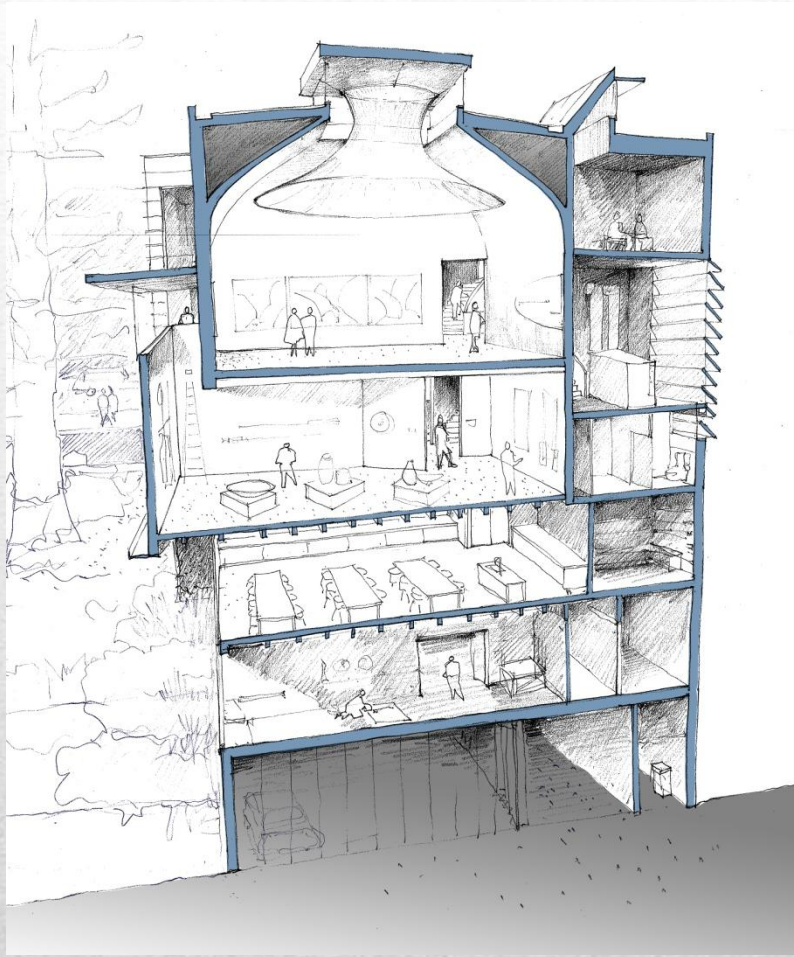




The project was complex from the management side and funding.

In essence Auckland Council had formed a partnership with the Lopdell House Development Trust (LHDT), and had made provision to contribute \$12.3m to deliver a quality arts, theatre and cultural community complex. The trustees were expected to raise \$8.3m promissory notes, but eventually raised only \$5.4m leaving a shortfall of \$2.9m.

This project was a 4 year old legacy project which my team had inherited. The architects were engaged piecemeal and this engendered some uncertainty about the completeness of the documentation. Achieving this presented some challenges.



Artist Impressions



Auckland Council's primary objective was to create a high quality arts and cultural venue servicing West Auckland, leveraging off the heritage character which was falling into disrepair. The building was well below current seismic standards and required earthquake strengthening and upgrading.

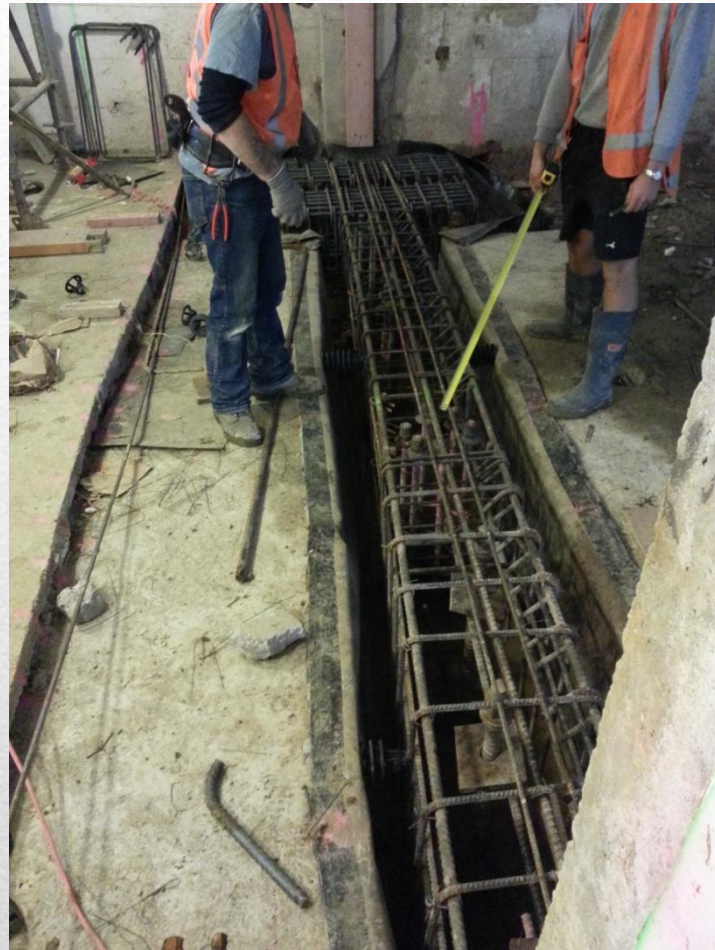
Client challenges:

- Complex funding issues
 - Complex project old and new
 - Uncertainty of design
 - Complex partnership between Auckland Council and the Trusts
 - Complex relationships between the Trustees, third parties and fundraisers.
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Construction challenges:

- Heritage building, uncovering the secrets
- Basement piling, structural strengthening
- Steeply sloping unstable site
- Architectural design
- Kindergarten neighbours
- Ground water





Lopdell House Strengthening



Lopdell Gallery Site Constraints


Where to from here?

- Test the market through an RFT (Request for Tender) process
- To obtain some certainty around the cost of construction
- By testing the market through the RFT process we identified that a large number of tags were arising from the tenderers. The conclusion from a Client's perspective was that there was a large design gap, adding uncertainty to the project cost.

At this stage the primary objective became a de-risking exercise. From the Client's perspective the tender prices were exceeding our current funding capability which was \$18.6M.

- Expression of interest shortlisting
- One of four tendering
- Price & non-price scoring
- Used SOQ to run apples vs apples race
- Tags where there were design gaps
- Entered VE meetings to find savings options

Tender process



The Client's primary goal in choosing a delivery method is to ensure that:

- It will meet project objectives
- To monitor the process to prevent unpleasant outcomes along the way and minimise surprise.

These were tough goals given that it was an unpredictable project full of risks and uncertainty.

Potentially it had all the ingredients for disaster.

Guaranteed Maximum Price

- The contractor needs to agree a fixed price that will not exceed the pre-established budget.
 - Costs above the guarantee are absorbed by the contractor.
 - A typical GMP provides for savings to be shared by the owner and the contractor.
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....As the Gallery rises to the heavens





Advantages of Guaranteed Maximum Price

- Guarantee maximum price
 - Client can pass risks to the contractor
 - Share of saving can reduce the cost. Richard to elaborate
 - Reduced owner involvement
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	Risk		Client	NZ Strong
1.	Adequacy of base tender offer as submitted			✓
2.	Schedule of quantity errors or omissions			✓
3.	Design errors or omissions required to make the design intent as generally depicted by the contract documents work			✓
4.	Unforeseen ground conditions			✓
5.	Asbestos removal			✓
6.	Contaminated materials			✓
7.	Lead based paints removal			✓
8.	Escalation of material prices			✓
9.	Consultant's fees for value management options e.g. piling options			✓
10.	Design errors or omissions that an experienced contractor could not reasonably foresee	➔ transferred	✓	✓
11.	Design and Specialist Consultant's fees	➔ transferred	✓	✓
12.	Resource and Building Consent fees	➔ transferred	✓	✓
13.	Utility services provider fees	➔ transferred	✓	✓
14.	Scope changes instigated by Client/Consultants or changes to satisfy Tenant requirements	➔ transferred	✓	✓
15.	Provisional sum allowance adequacy	➔ transferred	✓	✓

Client risks (1)

General risks occur on a project can be classified into four major areas.

- a) Financial ... Project may cost more
 - b) Time ... Project may not complete within planned time
 - c) Design ... Project may not perform the function intended
 - d) Quality ... Project may have poor quality materials or workmanship
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Client risks (2)

Richard to talk about pre-contract engagement.

A project team will address these risks during project development. Risks are approached differently in preconstruction and construction phase.

Preconstruction: It is known as design phase (working out functional, aesthetic, material requirements of the job). In this phase project team balance **design/ cost** equation.

Risks occurs when realistic assessments of cost are not part of the design process.

Construction: Emphasis shifts from design/ cost trade-offs to executing a project within the constraints defined by the contract documents, schedule and budget.

Risks involve time and external unknowns. Some are community disapproval, labour actions, weather and site etc.
