

**BEFORE INDEPENDENT HEARING COMMISSIONERS
IN CHRISTCHURCH**

TE MAHERE Ā-ROHE I TŪTOHUA MŌ TE TĀONE O ŌTAUTAHI

IN THE MATTER of the Resource Management Act 1991 (RMA)

AND

IN THE MATTER of the hearing of submissions on Plan Change 14
(Housing and Business Choice) to the Christchurch
District Plan

**SUMMARY STATEMENT OF KEELEY POMEROY ON BEHALF OF
CAMBRIDGE 137 LIMITED
HISTORIC HERITAGE**

12 April 2024

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Summary Statement

- 1 My name is Keeley Rees Pomeroy. My qualifications, experience and confirmation I will comply with the Code of Conduct for Expert Witnesses are set out in my Evidence in Chief dated 20 September 2023 and I do not repeat those here.
- 2 I have prepared evidence on behalf of Cambridge 137 Limited (**Cambridge 137**) providing quantity surveying expertise including project cost estimates for various building repair, building strengthening, and building replacement options evidence in respect of Cambridge 137's submission seeking Harley Chambers be removed from Appendix 9.3.7.2 Schedule of Significant Historic Heritage of the Christchurch District Plan.
- 3 In preparing my evidence I have:
 - (a) walked through and viewed the Harley Chambers building multiple times during 2015, 2017 and, most recently, on 8 August 2023.
 - (b) reviewed the documents listed at paragraph 12 of my evidence at paragraph, as well as now the Rebuttal Evidence of Gavin Stanley, on behalf of Christchurch City Council (CCC), dated 9 October 2023.
 - (c) relied on the evidence of a range of experts who have provided evidence on behalf of Cambridge 137 in relation to building repair, seismic engineering and façade retainment.
- 4 I prepared cost estimates for five reinstatement and replacement options to minimum new building standard (**NBS**) in 2017, as part of a resource consent application to demolish Harley Chambers and build a new hotel development.
- 5 I have adjusted these cost estimates to today's value applying a cost escalation methodology. For Options 1A, 1B, and 1C I have also adjusted my estimates to account for additional repair work now required. My cost estimate report contains for each of the five options the following estimated costs (all excluding GST):
 - (a) Option 1A: Building Reinstatement & Strengthening (34% NBS) – \$19,380,000;

- (b) Option 1B: Building Reinstatement & Strengthening (67% NBS) – \$25,400,000;
- (c) Option 1C: Building Reinstatement & Strengthening (100% NBS) – \$27,830,000;
- (d) Option 2A: Retained Historic Façade with New Open Plan Office Building Connected (100% NBS) – \$20,850,000; and
- (e) Option 2B: New Open Plan Office (100% NBS) – \$13,630,000.

6 In response to Mr Stanley's evidence,¹ I have also calculated the cost of retaining the façade only, which is \$7,155,000 compared to \$6,566,969 estimated by Mr Stanley.

7 These estimates only apply to August 2023, further allowance would need to be made for escalation during the design and construction programme durations of any option proceeding.

8 The cost estimates have been compiled by measuring and pricing approximate elemental quantities and are based on information provided by consultancies and specialist contractors as set out in my cost estimate report. The elemental quantities are typically measured and aligned to the NZIQS Elemental Analysis of Building Works 2017 standard of measurement, which groups scope to a building element, not to a specific trade.

9 A gross floor area of 2,281m² and a site work area of 375m² were used for the cost estimates.

10 In response to Mr Stanley's rebuttal on cost escalation,² all other escalation calculation method's proposed (NZS3910:2013 Appendix A, RLB TPI% Change Calculator and Reserve Bank Inflation Calculator) are likely to be a good indicator of escalated costs to August 2023.

11 I still consider that using the Capital Goods Price Index – Non-Residential Building (**CGPI-NRB**) is the most appropriate method for escalating the estimated costs to today's values as it tracks changes in the overall price of non-residential buildings produced by the construction sector. It therefore captures the effects of input cost

¹ Rebuttal Evidence of Mr Stanley for CCC dated 9 October 2023, paragraph 57(f).

² Ibid, paragraphs 45 to 50.

changes (plant, labour and materials) as well as changes in productivity and efficiency, overheads costs, and margins for profit and risk. This project was never put into full market cost testing and the project risk profile is very high (restoration, seismic updating, earthquake repairs, difficult site access & public space adjacent). I selected the most conservative approach to cost escalation allowance to ensure adequate cover of the potential cost of the project works. Recent similar local projects like the Anglican Christchurch Cathedral and Christchurch Boys' High School Main Block have been impacted through inadequate budgets. If the CGPI-NRB method is not used, then any difference in the cost allowance should be shifted to construction/project contingency reserves.

- 12 In response to Mr Stanley's rebuttal evidence on additional damage:³
- (a) Fire Damage – I have followed the Quion Damage Repair approach.
 - (b) Window Damage – The windows are hand made steel framed windows which we have a very limited supply chain in New Zealand that fabricate these type of window units. In my experience, the cost allowances are suitable until a specialist joiner and installer would be prepared to price the full scope of work.
 - (c) Building Degradation Flooring – Given the opportunity, insulation betterment will be done to any external building element to reasonably comply with the current Building Code.
- 13 The most significant cost differences between Mr Stanley's evidence and mine is the escalation calculation methodology. If a lower escalation allowance was applied, I would strongly recommend to Cambridge 137 Limited that a higher contingency reserve be held to cover escalation, project duration and market capacity risk.

Dated 12 April 2024



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Keeley Rees Pomeroy

³ Ibid, paragraphs 51 to 52.