

Before an Independent Hearings Panel
Appointed by Christchurch City Council

under: the Resource Management Act 1991

in the matter of: proposed Plan Change 14 to the Christchurch District
Plan

and: **Daresbury Limited**
(Submitter 874)

Summary Statement of Stewart Harrison for Daresbury Limited
(Quantity Surveying)

Dated: 17 April 2024

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SUMMARY STATEMENT OF STEWART HARRISON FOR DARESBURY LIMITED

INTRODUCTION

- 1 My full name is Stewart Menzies Harrison. I am the director and shareholder of SMH Ltd trading as Stewart Harrison Quantity Surveyors + Project Managers.
- 2 I prepared evidence in relation to the submission made by Daresbury Limited (*Daresbury*) on Plan Change 14 to the Christchurch District Plan (*PC14*) dated 20 September 2023 (*EiC*). My qualifications, experience and confirmation I will comply with the Code of Conduct for Expert Witnesses (Part 9, Environment Court Practice Note 2023) are set out in my *EiC* and I do not repeat those here.
- 3 This statement is intended to provide a brief summary of my evidence. This includes updates where relevant in light of the rebuttal evidence filed for Christchurch City Council (*Council*).

SUMMARY OF EVIDENCE

- 4 My *EiC* provided a review of the cost estimates for the repair of Daresbury House by Mr Stanley and Mr Milne. My conclusions were:
 - 4.1 By various means, Mr Stanley has adjusted Mr Milne's *Reduced Repair* estimate and increased it by \$1,456,657 from \$5,419,124 to \$6,875,781.
 - 4.2 I do not consider Mr Stanley has allowed for sufficient escalation. Adopting Mr Stanley's figures, but using an inflation percentage of 21.35, Mr Stanley's adjustment of Mr Milne's *Reduced Repair* estimate increases it by \$93,234 to \$6,969,015.
 - 4.3 Mr Stanley has over measured the GFA of the dwelling by circa 50 percent.
 - 4.4 Adopting the percentages I suggest for Margin (10%), Professional Fees (20%), and Inflation (21.35%), my adjustment of Mr Milne's *Reduced Repair* estimate increases it to **\$8,127,788**.
 - 4.5 Adopting my adjustment of Mr Milne's estimate, and Mr Stanley's Replica and Modern Equivalent replacement figures calculated using the actual GFA:

	Replica	Modern equivalent
Rebuild	\$ 8,712,000	\$ 9,256,500
Repair	<u>\$ 8,127,788</u>	<u>\$ 8,127,788</u>
Difference	\$ 584,212	\$ 1,128,712

RESPONSE TO MR STANLEY'S REBUTTAL EVIDENCE

- 5 Mr Stanley and I continue to disagree on the 'bespoke items' allowances in Mr Milne's *Reduced Repair* estimate. This is a complicated repair, and Mr Milne has sought and obtained a number of quotations from subcontractors and suppliers thus reducing his exposure to risk. Other than the hours Mr Milne has allowed for to remove and dispose of the chimneys (which I addressed at paragraph 29 of my EiC), Mr Stanley provides no other examples of bespoke items.
- 6 With respect to the margins applied to the repair estimate, I accept Mr Milne adopted 7.5% as his margin in his *Reduced Repair* estimate. However, it is my understanding that Mr Milne provided this estimate for funding purposes, and it does not reflect a margin he would use in a competitive tender situation, which is what Mr Stanley states his review is based on (refer Appendix B, Clarifications and Exclusions, Procurement – "*It has been assumed the market is competitive...*"). Mr Milne, in his earlier "Repair Quotation" adopted 10% as his margin. I agree with his 10%, and confirm I am seeing builders in competitive tender situations adopting margins ranging from 10% to 12%. I am not seeing margins as low as 7.5%.
- 7 With respect to the areas Mr Stanley has not accounted for as he considers they would be 'betterment', I consider:
- 7.1 A modern fire system involving sprinklers or thermal detectors versus outdated fire hose reels will be a requirement to obtaining a building consent.
- 7.2 I am not sure of the relevance of Mr Stanley's reference to "contents insurance" with regard to the curtains. This is not an insurance claim. There may be a number of reasons why curtains would be included within an estimate or a tender. It is not unusual for a quantity surveyor to include an allowance for curtains within an estimate, or for a builder to include for curtains if the tender documents call for its inclusion.
- 8 Mr Stanley has reduced his P&G allowance from 12% to 10%, on the basis the scaffolding and mobile scaffolding costs, which he previously considered were included in the P&G, are now not included. I agree with Mr Stanley that the scaffolding and mobile scaffolding should be treated as items that do not form part of the

P&G. I do not, however, agree that as a result the P&G should then reduce to reflect that. As I stated at paragraph 28 of my EiC, this is a complicated repair and as such will involve a higher P&G allowance to reflect that.

- 9 Overall, my review of Mr Stanley's rebuttal evidence has not changed the position set out in my EiC and I consider my **\$8,127,788** repair estimate remains the most appropriate approach.
- 10 Mt Stanley's concluding paragraph 18 in his rebuttal evidence addresses the current differences between his and my figures. I have considered Mr Stanley's repair estimate Option 3 (see his paragraph 18(c)) under several different scenarios as set out below (and in the **attached** workbook):
 - 10.1 Scenario 1 - I recalculate Mr Stanley's Repair Estimate Option 3 as \$7,715,988, a difference of \$411,800 between our respective estimates. This is summarised on the **attached (Option 3 Revised A)**. It allows for Mr Stanley's percentages and reformats the order to include P&G on the mobile scaffold and scaffold items.
 - 10.2 Scenario 2 - I recalculate Mr Stanley's Repair Estimate Option 3 as \$7,801,225, a difference of \$326,563 between our respective estimates. This is summarised on the **attached (Option 3 Revised B)**. It allows for Mr Stanleys percentages and reformats the order to include P&G on the contract works insurance, mobile scaffold and scaffold items.
 - 10.3 Scenario 3 - I recalculate Mr Stanley's Repair Estimate Option 3 as \$7,982,649, a difference of \$145,139 between our respective estimates. This is summarised on the **attached (Option 3 Revised C)**. It allows for Mr Stanleys percentage for P&G, but my percentage for margin, and reformats the order to include P&G on the contract works insurance, mobile scaffold and scaffold items. This version is the minimum I would accept from my quantity surveying perspective.
 - 10.4 Scenario 4 - I recalculate Mr Stanley's Repair Estimate Option 3 as \$8,127,788, there being no difference between our respective estimates. This is summarised on the **attached (Option 3 Revised D (SHQS Allowance))**. It allows for my percentages and reformats the order to include P&G on the contract works insurance, mobile scaffold and scaffold items.
- 11 In all of the above scenarios, the difference between our respective costings is not significant.

- 12 Paragraph 18 (d) - Mr Stanley confirms the difference between his repair estimate of \$7,693,272 and the agreed replacement estimate of \$8,712,000 is an additional \$1,018,728, or around 13 per cent.
- 13 I calculate the difference between what I have renamed Mr Stanley's **Repair Estimate Option 3 C** of \$7,982,649 and the agreed replacement estimate of \$8,712,000 is an additional \$729,351, or around 9.5 per cent.
- 14 In my view, the real risk of discovering unseen damage, and the associated cost of that damage, should outweigh any thought of proceeding with a repair.

Stewart Menzies Harrison

17 April 2024

Description		Option 3		Option 3 Revised		Option 3 Revised A		Option 3 Revised B		Option 3 Revised C		Option 3 Revised D (SHQS Allowance)
Milne Construction		\$ 4,179,704.89		\$ 4,179,704.89								
Establishment - Storage Containers		-\$ 50,000.00		-\$ 50,000.00								
Establishment - Site Office		-\$ 6,000.00		-\$ 6,000.00								
Insurance Contract Works		-\$ 45,000.00		-\$ 45,000.00								
Mobile Scaffolding		-\$ 5,000.00		-\$ 5,000.00								
Environmental		-\$ 5,000.00		-\$ 5,000.00								
Scaffolding for duration of works		-\$ 126,556.00		-\$ 126,556.00								
Locksmith		-\$ 120.87		-\$ 120.87								
Subtotal		\$ 3,942,028.02		\$ 3,942,028.02		\$ 3,942,028.02		\$ 3,942,028.02		\$ 3,942,028.02		\$ 3,942,028.02
Add back insurance contract works				\$ -		\$ -		\$ 45,000.00		\$ 45,000.00		\$ 45,000.00
Add back mobile scaffolding				\$ 5,000.00		\$ 5,000.00		\$ 5,000.00		\$ 5,000.00		\$ 5,000.00
Add back scaffolding				\$ 126,556.00		\$ 126,556.00		\$ 126,556.00		\$ 126,556.00		\$ 126,556.00
Subtotal						\$ 4,073,584.02		\$ 4,118,584.02		\$ 4,118,584.02		\$ 4,118,584.02
Preliminary & General	12%	\$ 473,043.36		D = 10% of A \$ 394,202.80	10%	\$ 407,358.40	10%	\$ 411,858.40	10%	\$ 411,858.40	12%	\$ 494,230.08
Subtotal		\$ 4,415,071.38		A+B+C+D \$ 4,467,786.82		\$ 4,480,942.42		\$ 4,530,442.42		\$ 4,530,442.42		\$ 4,612,814.10
Margins	7.50%	\$ 331,130.35		\$ 335,084.01	7.50%	\$ 336,070.68	7.50%	\$ 339,783.18	10%	\$ 453,044.24	10%	\$ 461,281.41
Subtotal		\$ 4,746,201.74		\$ 4,802,870.83		\$ 4,817,013.10		\$ 4,870,225.60		\$ 4,983,486.66		\$ 5,074,095.51
Contract Contingencies	10%	\$ 474,620.17		\$ 480,287.08	10%	\$ 481,701.31	10%	\$ 487,022.56	10%	\$ 498,348.67	10%	\$ 507,409.55
Subtotal		\$ 5,220,821.91		\$ 5,283,157.92		\$ 5,298,714.41		\$ 5,357,248.16		\$ 5,481,835.33		\$ 5,581,505.06
Other Development Costs (Prof Fees)	10%	\$ 522,082.19		\$ 1,056,631.58	20%	\$ 1,059,742.88	20%	\$ 1,071,449.63	20%	\$ 1,096,367.07	20%	\$ 1,116,301.01
Subtotal		\$ 5,742,904.10		\$ 6,339,790.00		\$ 6,358,457.30		\$ 6,428,697.80		\$ 6,578,202.40		\$ 6,697,806.08
Cost fluctuation adjustment	19.73%	\$ 1,132,876.00										
Total		\$ 6,875,780.10										
Corrected Cost fluctuation	21.35%	\$ 1,226,110.03		\$ 1,353,482.00	21.35%	\$ 1,357,530.63	21.35%	\$ 1,372,526.98	21.35%	\$ 1,404,446.21	21.35%	\$ 1,429,981.60
Total		\$ 6,969,014.13		\$ 7,693,272.00		\$ 7,715,988.00		\$ 7,801,225.00		\$ 7,982,649.00		\$ 8,127,788.00

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SHQS allowance		\$ 8,127,788.00		\$ 8,127,788.00		\$ 8,127,788.00		\$ 8,127,788.00		\$ 8,127,788.00
Difference		\$ 434,516.00		\$ 411,800.00		\$ 326,563.00		\$ 145,139.00		\$ -
Replica Rebuild		\$ 8,712,000.00		\$ 8,712,000.00		\$ 8,712,000.00		\$ 8,712,000.00		\$ 8,712,000.00
Difference		\$ 1,018,728.00		\$ 996,012.00		\$ 910,775.00		\$ 729,351.00		\$ 584,212.00
Modern Rebuild A		\$ 7,623,000.00		\$ 7,623,000.00		\$ 7,623,000.00		\$ 7,623,000.00		\$ 7,623,000.00
Difference		-\$ 70,272.00		-\$ 92,988.00		-\$ 178,225.00		-\$ 359,649.00		-\$ 504,788.00
Modern Rebuild B		\$ 10,890,000.00		\$ 10,890,000.00		\$ 10,890,000.00		\$ 10,890,000.00		\$ 10,890,000.00
Difference		\$ 3,196,728.00		\$ 3,174,012.00		\$ 3,088,775.00		\$ 2,907,351.00		\$ 2,762,212.00