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INITIAL REPORT: ESTIMATE REVIEW

Development

Civic Theatre Redevelopment

Property Address

Cnr Tarcutta and Morrow St

Wagga Wagga, 2650

Owner

Wagga Wagga City Council

Contact

Madeleine Scully

Date

30 March 2022

1. Executive Summary

We have been requested to review the budget for the Civic Theatre Redevelopment Concept Masterplan Report. These estimates have been provided by Slattery Quantity Surveyors, Schuler Shook and certain items by Wagga Wagga City Council.

The estimates by Slattery are robust and in line with expectations for a specific point in time, namely November 2020. The estimates include a subsequent escalation allowance (to May 2022), as is customary, it is here that the estimate becomes problematic. This is due, in turn, to the massive cost increases experienced by the building industry in the past 18 months. Neither Slattery, Schuler Shook, or indeed any cost forecaster, could have foreseen the effects of Covid, War in the Ukraine, China tensions etc. and their effect on prices.

We undertook a combination of m² estimates, Elemental estimates and rough quantity estimates to evaluate the Cost Plan. This would have been in line with the method used in the Slattery and Schuler Shook estimates.

Our estimates are similar in cost to those of Slattery and we are content that these are as accurate as could be expected and our difference in estimated cost is less than 5% as at November 2020 (our estimate is lower than Slattery).

The escalated cost at May 2022, as produced by Slattery is less than 3% different to ours (ours is now higher than theirs), except that we have included a far higher escalation allowance to April 2023 with the benefit of hindsight, this is more than a 10% increase in cost.

Schuler Shook have provided estimated increase in cost and these too have been included in our estimate.

In short the estimate provided by Slattery is as accurate as could be reasonably expected and we recommend that they are given the opportunity, as well as Schuler Shook to review their estimate in line with current cost pressures, the revised start/completion date and the latest design information

2. Estimate notes

Construction estimate methods differ in accuracy and detail depending upon the information available. There are a number of different methodologies but mainly:

- Area estimates: based on the m2 area of the building/project.
- Elemental estimates: based on the area and the various elements of a building/project.
- Quantities estimates: a detailed take off of trades in a building/project.

These methods vary from least to most accurate but are not mutually exclusive and we have utilized a combination of these to arrive at the estimate. We believe that Slattery would have used a similar approach.

Our estimate differs from Slattery because we have utilized a cost per seat method to estimate the cost of the Venues. In turn we have allowed a higher rate per m2 for the back of house areas. These differences cancel each other out.

Our estimate of cost escalation is manifestly different to Slattery and that is because we have the benefit of hindsight.

Slattery allowed a 3% increase over 18 months. This has proven to be an extreme underestimate of the real cost pressures. In discussion with Schuler Shook it was estimated by them that their costs had increased between 15 and 20% and there are certain items that are simply unavailable (gearboxes as an example) and these items require a further premium to secure.

Due to the manufacturing and supply uncertainties, again unknown at the time of the original estimate, we have allowed a 20% overall contingency, an increase of 3% over Slattery.

We have furthermore added a contingency sum for "below the line" items as well as a cost increase to the SOACT works previously estimate by us separately.

We have decreased the Project Management costs dramatically as they are not reasonable for internal resources or even contracted in managers. We have allowed for a contract period of 18 months and a full time PM and site supervisor a total of \$370/hr!

The net effect of all of the above is a final figure less than 3% different to Slattery. This is reinforcement of the statement that Slattery have indeed provided a robust estimate for the works.

3. Conclusion

The intent of the estimate for Slattery differs from ours, in that, Slattery were trying to provide a reasonable and robust view of costs at a particular point in time. We have prepared an estimate to review the Slattery estimate for its accuracy and reason. We cannot fault this but would advise as follows:

Slattery and Schuler Shook should both be given the opportunity to review the estimate along with any new or updated design information and provide an updated estimate given the current economic realities.