

26th September 2019

Sandrick Project Directions

Suite 412 Nexus Norwest
4 Columbia Court
Baulkham Hills
NSW 2153

Attention: Jonathan Lau

Dear Jonathan,

Re: SCEGGS Darlinghurst – Review of the Estimated Capital Investment Value (CIV)

We refer to the report prepared by MBM dated 28 May 2019 prepared as a review of the Estimated Capital Investment Value (CIV) for the SCEGGS Darlinghurst SSD Application and comment as follows: -

- Whilst MBM's approach may be relevant as a comparable benchmark for a fully completed vertical school, we believe that this approach is oversimplified and inappropriate for assessing our CIV estimate for the SCEGGS Darlinghurst 2040 Masterplan.
- Our estimate excludes fit-out costs that do not relate to a specific tenancy use. We have however, included the cost of the fit-out to the Childcare Centre since this has been specifically referenced in the application. This approach is in accordance with page 2/3 in the definition of CIV as published in the memorandum PS 10-008, issued on 10 May 2010. For example, operable walls to potential (but not specifically) classrooms, music practice rooms, a library, etc. (all of which could be located in the Multipurpose Building) have been excluded from our estimate in accordance with the definition of CIV. Our estimate also excludes the allowance for a potential kitchen fit-out to the New Reception & Administration Building. The peer review methodology is not based on a detailed measurement of the plans submitted with the application but rather a high-level comparison of the anticipated or completed total project costs of other education project benchmarks that may include some of the above functional spaces. This methodology is used for high-level comparisons however, will include project costs which do not form part of the CIV as defined and may inflate base m2 rates.

- Given that the detailed design has not been completed at DA stage our estimate incorporates several realistic assumptions. For example, the external façade to the Multipurpose Building has been measured on the basis of 20% masonry, 40% cladding & 40% windows. We are not sure if the peer review has accurately made the appropriate adjustments to the high-level benchmarks for the project specific design intent.
- Our GFA for new building works comprises of different functional spaces. For example, Level 1 of the Multipurpose Building (1,701m²) is a basement carpark and cannot be compared to an average benchmark rate for a vertical school comprising of fully fitted out learning/classroom areas. Inconsistencies between the SCEGGS design and general benchmarking will produce a range of high-level project cost estimates.
- The CIV incorporates air-conditioning to 50% of the overall area of levels 2-7 in the Multipurpose Building. Services costs can vary significantly from project to project and we are not sure if MBM have picked this up and how this relates to the projects that they have used for the benchmarking process which are highly likely to have a different service component to that of the specific SCEGGS design.
- The peer review method comprises a \$/m² rate for External Works for each building. The external works costs within the CIV were built up from first principles and are specific to the landscape design as submitted. External works costs are typically peculiar to each project and the comparison method may ignore or equally exclude items that are specific to this development. For example, the CIV estimate includes items such as roof terraces (not commonly found in every development and also largely dependent on the building's shape and the proportion of roof area to building GFA.) The CIV allows for soft and hard landscaping which is determined by the specific project design and can vary significantly from school to school causing further variance when benchmarked against a normalised square metre rate.

The above provides examples of how the CIV estimate prepared from the measurements of the specific SCRGGGS design may differ from a benchmark cost derived from a range of competed schools and highlights some of the reasons why variances exist between the CIV and the peer review provided.

The CIV estimate has been prepared using an elemental estimating approach and is therefore built up using quantities and rates for all the elements required to construct the building in accordance with the specific design submitted and our reasonable assumptions and exclusions.

We therefore regard the CIV to be a more appropriate estimate of the cost of this specific project.

We trust that the above explanation assists in identifying the most probable reasons for variance between the CIV for the project and the benchmarking method to determine estimated project cost.

We would be happy to meet with the peer review authors and/or the Department to review the CIV as required.

Yours sincerely,

ALTUS GROUP COST MANAGEMENT PTY LTD



David Collins

Director

SCEGGS DARLINGHURST - 2040 MASTERPLAN - SUMMARY (ISSUED MARCH 2019)

Updated to include Chilcare Centre Fitout on L5 of Multi Purpose Building

ITEM DESCRIPTION	GFA	\$/M2	INDICATIVE CONSTRUCTION COST	DESIGN AND CONTRACT CONTINGENCIES	PROFESSIONAL FEES, ETC - (say 14%+LSL)	TOTAL AS AT FEB 2018 (EXCL. GST)
(A) WILKINSON HOUSE						
Preliminaries, Overheads and Profit	1,803	\$ 805	\$ 1,450,900		\$ 208,700	\$ 1,659,600
Temporary Demountables	1,803	\$ 111	\$ 200,000		\$ 28,800	\$ 228,800
Demolitions, Site Preparation, Earthworks	1,803	\$ 410	\$ 739,800		\$ 106,400	\$ 846,200
New Building Works	1,803	\$ 3,302	\$ 5,954,300		\$ 856,500	\$ 6,810,800
External Works & Services	1,803	\$ 92	\$ 165,000		\$ 23,700	\$ 188,700
TOTAL (A) - WILKINSON HOUSE	1,803	\$ 4,720	\$ 8,510,000	\$ -	\$ 1,224,100	\$ 9,734,100
(B) NEW MULTI-PURPOSE BUILDING						
Preliminaries, Overheads and Profit	7,989	\$ 583	\$ 4,656,300		\$ 669,800	\$ 5,326,100
Demolitions, Site Preparation, Earthworks	7,989	\$ 429	\$ 3,425,300		\$ 492,700	\$ 3,918,000
New Building Works	7,989	\$ 2,340	\$ 18,694,630		\$ 2,689,200	\$ 21,383,830
Childcare Centre Fitout (206m2)	INCL.		\$ 284,692		\$ 41,000	\$ 325,692
Aquatics Centre	EXCL.					
External Works & Services	7,989	\$ 114	\$ 910,900		\$ 131,000	\$ 1,041,900
TOTAL (B) - NEW MULTI-PURPOSE BUILDING	7,989	\$ 3,501	\$ 27,971,822	\$ -	\$ 4,023,700	\$ 31,995,522
(C) NEW RECEPTION & ADMINISTRATION BUILDING						
Preliminaries, Overheads and Profit	1,770	\$ 525	\$ 929,200		\$ 133,700	\$ 1,062,900
Demolitions, Site Preparation, Earthworks	1,770	\$ 113	\$ 200,000		\$ 28,800	\$ 228,800
New Reception & Admin	957	\$ 3,380	\$ 3,234,700		\$ 465,300	\$ 3,700,000
Restored Barham	813	\$ 1,440	\$ 1,171,100		\$ 168,500	\$ 1,339,600
External Works(pavings, landscaping, boundary fence, etc)	1,770	-	see Redesigned Forbes St Entry	see Redesigned Forbes St Entry	see Redesigned Forbes St Entry	\$ -
External Services	1,770	\$ 68	\$ 120,000		\$ 17,300	\$ 137,300
TOTAL (C) - NEW RECEPTION & ADMINISTRATION BUILDING	1,770	\$ 3,195	\$ 5,655,000	\$ -	\$ 813,600	\$ 6,468,600
(D) REDESIGNED ENTRIES FROM FORBES STREET	Approx. Affected Area					
Preliminaries, Overheads and Profit			\$ 193,500		\$ 27,800	\$ 221,300
Demolitions, Site Preparation, Earthworks			\$ 204,500		\$ 29,400	\$ 233,900
External Works(pavings, landscaping, boundary fence, etc)			\$ 797,000		\$ 114,600	\$ 911,600
External Services (stormwater drainage & external lighting)			Included in respective buildings	Included in respective buildings	Included in respective buildings	\$ -
TOTAL (D) - REDESIGNED ENTRY FROM FORBES STREET			\$ 1,195,000	\$ -	\$ 171,800	\$ 1,366,800
TOTAL (A + B + C + D)	11,562	\$ 3,748	\$ 43,331,822	\$ -	\$ 6,233,200	\$ 49,565,022

Note:

Note: All costs shown above are current as at February 2018

Note: Refer to Report for Assumptions and Exclusions List

Note: Although the current scheme does not include a pool, if a pool was added the additional cost would be in the order of: **\$ 4,500,000.00**