Before an Independent Hearing Commissioner

In the Matter of	the Resource Management Act 1991
And	
In the Matter of	A resource consent application pursuant to section 88 of the Resource Management Act 1991
By	Masterton District Council **Applicant**

Statement of Evidence of Daniel Butterick – Quantity Surveying

Dated: 31 March 2025

HAZELTON LAW

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INTRODUCTION

1. My name is Daniel Butterick. I am a Quantity Surveyor and National Practice Lead – Cost Advisory for RPS AAP Consulting Pty Limited, based in Sydney, Australia.

Qualifications and Experience

2. I hold a Bachelor of Science (Hons) Quantity Surveying and I am a member of the Royal Institution of Chartered Surveyors and the Australian Institute of Quantity Surveyors. I have over 20 years of experience in the construction industry as a Quantity Surveyor both in Australia and overseas.

3. Working in the United Kingdom, I have been involved in several restoration projects of significant heritage value including Grade II listed buildings and I have subsequently worked on several heritage refurbishment projects in Australia. I have a wide range of experience across multiple sectors.

4. Heinrich Schulze has also been directly involved in preparing the cost plan reports relating to this project. He is retiring on 4 April 2025 and is therefore not available to present evidence at the hearing.

5. Heinrich has an MBA, Nat Dip, Quantity Surveying, Nat Dip Construction Management, Nat Dip Architectural Technology, Nat Dip Mech Eng, Member of New Zealand Institute of Quantity Surveyors, New Zealand Registered Quanty Surveyor (Reg. QS). Heinrich has 32 years' experience in the construction industry, with a wide range of experience across multiple sectors and is currently the General Manager for RPS Consultants NZ Ltd in New Zealand.

6. Heinrich's experience includes delivery of construction projects as main contractor, with 20 years in various project and cost management consulting roles. His project experience includes refurbishment, fit-out and new build projects. Heinrich is currently managing a refurbishment project related to a Heritage Class B building in New Zealand.

Code of Conduct

7. I have read the Code of Conduct for expert witnesses in the Environment Court Practice Note. I agree to comply with this Code. The evidence in my statement is within my area of expertise, except where I state that I am relying on the evidence of another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions I express.

Involvement in this matter

8. In December 2021, RPS Consultants NZ Ltd ('RPS') was engaged by Masterton District Council ('the Council') to provide quantity surveying services through different stages of the proposed Civic Centre development project.

9. The project was slow to take off and was put on hold after delivery of the initial Spatial Planning Estimate that exceeded the Council's budget. Heinrich Schulze was the General Manager for RPS in New Zealand.

10. In November 2023, the Council asked RPS to undertake several cost estimates for the Town Hall and Library buildings based on high level scope options developed by Silverwood Architects. Heinrich was unavailable during this time, so this work was undertaken by me and my team.

11. At the end of October 2024, RPS reconfirmed the estimate for Option D – Demolition of Town Hall in preparation for the RC application for demolition of the Town Hall and Municipal Building. The cost report was updated, options renamed as per the Silverwood report.

12. As part of this work, estimates for Option 3 - Decommissioning, and Options 4a & 4b - Strengthening were newly completed as these were not previously required for consideration.

13. Heinrich will retire from his General Manager role at RPS Consultants NZ Ltd in April 2025, with his last day in the office on 4 April 2025. In Heinrich's absence, I have returned as lead for the project with both my experience and previous involvement in the project.

Summary of Cost Report Updates and Amendments provided by RPS

14. Over the course of RPS' engagement, there have been five iterative versions of the cost report issued by RPS. These Cost Report versions were updated sequentially following submission to, and review by the client.

15. A summary outlining the version history of the Cost Report is provided in the table below.

Version	Purpose of Document	Date of Issue	Summary of Updates
R0	Cost Report	14 November 18	N/A
R1	Cost Report	18 November 2024	General updates following client review.

Version	Purpose of Document	Date of Issue	Summary of Updates
R2	Cost Report	19 November 2024	General updates following client review.
R3	Cost Report	19 November 2024	General updates following client review. Submitted with Resource Consent application (as Appendix E).
R4	Correction	26 March 2025	Update to Option 1 summary following identification of errors as noted in Minute #2.
R5	Supplementary	28 March 2025	Update to Options 2a, 2b, 4a and 4b to align Silverwood Fit For Purpose Report. R5 incorporates the R4 correction. R5 submitted by MDC on 28 March 2025.

Cost Report Versions R0 to R3

16. Cost Report Versions R0 to R3 are standard procedure regarding the provision of draft reports for client review and acceptance.

17. As noted above, Cost Report R3 was included as part of the Resource Consent Application submitted by the Council in November 2024 as Appendix E.

Cost Report Version R4

18. Cost Report Version R4 however, was updated more recently and outside of this process - correcting a typographical error in the Option 1 summary located in Appendix A to the Cost Plan Report. I understand that this error was identified by submitters and raised in Minute #2. These issues were raised with me by the Council on 25 March 2025.

19. There was no change to the calculations and methodology for valuing this option. The typographical error did not carry through to the bottom line of the Option's costs, and the values portrayed in the summary table of costs in the Executive Summary displayed correctly.

Cost Report Version R5

20. At the request of MDC, RPS undertook a full review of the costings in respect of the Silverwood Architects report, 'C Fit for Purpose Assessment'.

21. Two differences were identified between the RPS and Silverwood reports that were not aligned.

22. First, it was identified that the Silverwood Report assumes that the Civil Defence building is to be demolished in all options whereas the RPS report "Masterton District Council - Cost Plan Report" Revision R4 assumed that the Civil Defence building would either be refurbished or strengthened in alignment with the other buildings in the respective option. The exceptions to this are Options 1, which includes demolition of the Civil Defence Building along with the other buildings, and Option 3 which includes decommissioning of the Civil Defence Building rather than demolition. All of the other estimates were then updated to include demolition of the Civil Defence Building.

23. Secondly, the Silverwood Architects report "C Fit for Purpose Assessment, section 2" Table 3: Spatial Planning Assessment, Option 2a include the extension of the Municipal building GFA by 1,040m2 whereas the RPS report "Masterton District Council - Cost Plan Report" excluded the extension and assumes the additional GFA to be included within the separate Waiata House Extension project.

24. The estimate for option 2a that previously excluded the extension was updated to include costs for the proposed 1,040 m2 extension of the Municipal Building.

25. The Masterton District Council - Cost Plan Report was amended with Version R5 released on 28 March 2025. Differences between the reports occur in options 2a, 2b, 4a, and 4b. There was no change to option 3 as part of this work.

26. In the development of Cost Plan Report Version R5 it became necessary to split some of the rates used in earlier versions of the report to better align with the specific tasks in the buildup of the options outlined in the Silverwood Report. This variance in rates arises because of a change in the way that the cost build ups have been applied and articulated across the options. It does not change the bottom line in terms of total cost for each option. To be clear, all of the rates included in Version R5 were part of the initial workings (in Version R3). There are no new rates used.

27. I understand that the Cost Plan Report Version R5 was submitted by the Council along with other expert evidence on 28 March 2025.

EVIDENCE

Assumptions and Exclusions

28. Due to the current project being at spatial planning phase, maturity of design progression at concept stage, and site investigations undertaken, a range of assumptions and exclusions have been made in the preparation of these calculations in accordance with industry standard as outlined in the cost plan report.

29. These assumptions and exclusions are listed within section 2.3 of the cost report. Of specific note are the exclusion of the cost risks outlined in the following table.

Option	Exclusions
3	Excludes demolition of the civil Defence Building on decommissioning of the Town Hall and Municipal Building Excludes the removal of the underground fuel tank and remediation of any possible contamination
4a & 4b	Excludes the removal of the underground fuel tank and remediation of any possible contamination.

Reliance Information

30. RPS has relied on client provided reports and information prepared by a variety of consultants in the development of the Cost Report and associated calculations.

31. These are listed in the RPS Cost Plan Report under Appendix B.

Summary of Findings in Cost Report

32. RPS' Cost Report is based on the options detailed in the Silverwood Report. These are outlined as follows:

    (a) Option 1: Full Demolition of Town Hall and Municipal Building.

    (b) Option 2: Partial Demolition (sub-options 2a & 2b).

        - 2a: Retention of the Municipal Building and demolition of the Town Hall.
        - 2b: Retention of the Municipal Building Façade only.

    (c) Option 3: Decommissioning and mothballing the Town Hall and Municipal Building.

    (d) Option 4: Retention and strengthening the Town Hall and Municipal Building for active use (sub-options 4a and 4b).

- 4a: The buildings will be strengthened to 80% NBS.
- 4b: The buildings will be strengthened to 34% NBS.

33. The Cost Report provides a cost comparison of options considered for the project's development.

34. This is detailed in section 1.2 of the Cost Report and is summarised in the table below.

	Demolish and Build New	Municipal Building Retention	Facade Retention	Decommission	Strengthen >80%NBS	Strengthen >34%NBS
	Option 1	Option 2a	Option 2b	Option 3	Option 4a	Option 4b
	$(NZD)	$(NZD)	$(NZD)	$(NZD)	$(NZD)	$(NZD)
Total Construction	27,370,917	41,086,748	29,994,914	5,101,619	23,359,656	20,565,896
Total Project Cost	34,670,739	52,044,583	37,994,557	6,083,681	29,589,677	26,050,820

35. There are subtle similarities between selected options, but others are not comparable with each other despite common themes such as the demolition of all or specific structures, structural upgrades and refurbishment to various degrees in some options. Other options require full demolition of all structures and new construction of similar structures, where other options may include a combination of partial demolition, structural upgrades, new builds and refurbishment works.

36. By this I mean that, in my view, the different options for the Town Hall buildings are not directly comparable with each other. Each option involves a different scope of work (for example, within the "retention" options 2a and 2b, the extent of retention and the scope of demolition are different. With the different levels of work, come different risk profiles. Because the options are not "like for like", they cannot be compared directly with each other. The supplementary Cost Plan Report Version R5 provides a summary description of work to each option.

37. In addition to the above summary, the following commentary is provided against each option:

    (a) Option 1: Calculations were undertaken as benchmark assessment against all other options that consists of the demolition of all current structures and rebuilding the buildings to current code. The estimate assumes all work to be undertaken at once as a single project. This can also be broken down into two stages demolition of the existing structures and rebuild of the Town Hall and Municipal building at a later stage with costs spread out over time.

Any time-related stages may have an impact on escalation costs. Full demolition inclusive of remediation of any potentially contaminated soil and construction of new buildings generally allows for better planning, eliminates unknown discoveries during construction and provides a higher cost certainty.

(b) Option 2a: Under this option and as confirmed by the M2351 Bulk & Massing DRAWINGS - Municipal Buildings (R1), it is proposed that the Municipal building will be refurbished and a new, larger, Town Hall built in place of the existing Town Hall, which is to be demolished. By its very nature, refurbishment work to the existing Municipal has limitations with unknown factors for discovery leading to more work/cost being involved. Combined with the requirement for structural strengthening of the retained Municipal building to meet seismic code requirements of 80% NBS, in my view there is a larger potential for cost blow-outs due to these limitations and unknown factors. Including the extension of the existing Municipal Building to allow for newly constructed additional floor area has potential for further design adjustments during construction, adding to scope changes and higher risk of additional costs.

(a) Option 2b: Proposes the retention of the municipal building façade and a new larger Town Hall constructed. Additional refurbishment and strengthening work are associated with the retention of the façade that adds costs over new build facades. Retaining the façade by itself for any length of time, without a building behind it is not a feasible option. As for Option 2a, all work is expected to be undertaken as one project without the option to phase works over a period of time. The construction of the new Town Hall is closer in comparison to option 1, where construction of new buildings is proposed following demolition of existing structures. Despite the cost risk associated with the strengthening and refurbishment of the retained façade, the option holds a lower cost risk compared to other strengthening and refurbishment options.

(b) Option 3: Decommissioning and mothballing of the Town Hall and Municipal Building will include some strengthening to a greater than 34% NBS to meet the statutory obligations under Earthquake Prone Building Act. Strengthening elements would need to meet the durability requirements of the NZBC, so ongoing maintenance of these elements would be needed, in conjunction with weathertightness, etc. (Contrary to the Silverwood Report, it is assumed the Civil Defence Building are to be decommissioned along with the other structures and not demolished). This option is of lower initial cost to Council compared to any of the other

options. All other options provide a solution of sorts, improving councils' infrastructure through capital investment. Depending on Councils strategic plan, decommissioning stalls progress while future decisions can be agreed for development.

(c) Option 4a and 4b: Proposes to retain and strengthen the existing Town Hall and Municipal Buildings to >80% NBS (option 4a) and

>34% NBS (option 4b) respectively, without major alteration to the internal spaces and without the benefit of raising the existing spaces to modern building performance and compliance standards. Both options allow for the demolition of the Civil Defence Building. Options 4a and 4b involve an "all at once" cost of ~ $30million (or more expensive). Despite the required seismic rating selected, both projects include demolition of the Civil Defence Building, strengthening and refurbishment work of existing old buildings that commonly hold a higher level of cost uncertainty due to the risk associated in the nature of the work. Comparing the project outcomes, estimated cost and imbedded risks of a low spec strengthened and refurbished Town Hall and Municipal Building as proposed in options 4a & b to that of an newly constructed Town Hall and Municipal Building as proposed in option 1, it is clear that the ~ 21% cost difference is minimal considering the value of outcomes.

Major Cost Risks for Options Assessed

38. Each option attracts inherent risks and will require thorough and considered risk identification, investigation, and mitigation to minimise the impact to the project. This is particularly prevalent at the fit for purpose assessment stage of the Town Hall and Administration Building.

39. Option 1, being a full demolition carries risk associated with the demolition and the ground works which will be required including contamination, excavation, and the decommissioning of the Diesel Tank, however, once out of the ground will carry less risk on the assumption that good change management is implemented. No or limited staging should be required which may be apply to other options.

40. Option 2a and 2b vary in scope from refurbishment to demolition and façade retention, however, both options contain refurbishment of existing heritage buildings. In my experience, these types of works carry significant risk that is increased from Option 1associated with protection of existing heritage components.

41. These risks include but are not limited to the following:

(a) Temporary works and propping.

(b) Protection and remediation of heritage and retained items.

(c) Programme implications increasing preliminaries, margin and staffing costs;

(d) Unknown and adverse conditions which are identified once the building starts to get stripped back;

(e) Increased duration of disruption to traffic management and noise;

(f) Increased consultant fees; and

(g) Reduced market of relevant contractors who have expertise in undertaking heritage works.

42. Option 3 is limited to the essential upgrade works and therefore is not comparable to the other options

43. Option 4 – includes similar risks in the above options 2a and 2b on the refurbishment of heritage buildings.

44. The following table provides a summary of some of the inherent risks associated with the project for each option and applies a view on the level of risk between 'low', 'medium', and 'high'. Note that whilst allowances have been included in the costs these risks are 'unquantified' for the purposes of our report due to the current maturity of the design and site investigations.

	Costed Options					
	Option 1	**Option 2a**	**Option 2b**	**Option 3**	**Option 4a**	**Option 4b**
Ground Contamination	High	High	High	Low	Low	Low
Retaining heritage including temporary works	Low	High	High	High	High	High
Façade Retention	Low	Medium	High	High	High	High
Asbestos	High	High	High	High	High	High
Program Implications	Medium	High	High	Low	High	High
Disruption	Low	High	High	Low	High	High
Staging	Low	High	High	Low	High	High

Specific Challenges and Benefits between Options Assessed

45. In my experience and opinion, all work involving partial demolition of structures, structural upgrades and refurbishment works hold significant cost risks in terms of unknown conditions potentially leading to costly variations and project timeline extensions. There is also the potential that the market will apply a risk premium at the outset of the project.

46. Whilst demolition and new build project, Option 1, also contains inherent risks as identified in the above matrix, the risks associated are reduced once the project has progressed beyond foundation construction. Whilst the latent ground condition risks will not be fully understood until the demolition of the building and excavation has begun, the project team can undertake due diligence and intrusive investigations to identify and quantify risks and develop associated mitigation strategies to progress the build. This is not always possible on heritage buildings without stripping back the entirety of the building.

47. A new build can also be managed from a design perspective for size and aesthetics to drive the cost to budget. Heritage buildings do not provide the same opportunities.

Conclusion

48. In my opinion and based on the current conceptual stage of the project, Option 1 Demolition and Rebuild is deemed to represent a lower risk of cost and time overruns. This assessment is grounded in the specific nature of the works involved for the other relevant options 2a, 2b, 4a and 4b, particularly the refurbishment of heritage buildings and the retention of the existing façade. These elements are inherently complex and can lead to significant uncertainties in both budget and program if not managed carefully.

49. Some key points noted in my consideration are outlined as follows:

    (a) Refurbishment of Heritage Buildings: Heritage buildings often require specialised techniques and materials, which can be both time-consuming and costly. There is a higher likelihood of encountering unforeseen issues during refurbishment, such as structural weaknesses or the need for custom restoration work, which can further escalate costs and extend timelines

    (b) Retention of Existing Façade: Maintaining the existing façade necessitates meticulous planning and execution to ensure structural integrity and aesthetic preservation. This process can involve intricate engineering solutions and coordination with heritage conservation authorities, adding layers of complexity to the project.

    (c) Design Control: By opting for Option 1, the council retains greater control over the design process. This control is crucial for minimising changes that could otherwise lead to scope creep, budget increases, and schedule delays. A controlled design process allows for more predictable outcomes and better alignment with the project's initial objectives and constraints.

50. In summary, Option 1 (Demolition and Rebuild) is favoured due to its potential to mitigate risks associated with specifically with cost and time overruns. The nature of the works, involving heritage building refurbishment and façade retention, inherently carries risks that are better managed under this option. Additionally, maintaining design control is a strategic advantage that supports the council's ability to deliver the project within the established parameters.

Dated this day of 2025

Daniel Butterick

National Practice Lead – Cost Advisory, RPS AAP Consulting Pty Ltd